Registered number: 05899168

PSI-Pay Limited

Annual report and financial statements

for the year ended 31 December 2022

PSI-Pay Limited

Contents

PSI-Pay Limited

Strategic report

The directors of PSI-Pay Limited ("the Company") present their Strategic Report for the year ended 31 December 2022.

Review of the business

The principal activity of PSI-Pay Limited is that of an issuer of electronic money, and associated payment devices, regulated by the Financial Conduct Authority under the Electronic Money Regulations 2011 (Register ref: 900011). The Company is a Principal Member of MasterCard and Diners Club International and has developed a program sponsorship model for the issuance of payment cards, and other form factors, as a secondary activity to its e-money business. It is anticipated that the Company will continue to operate its core businesses in the same way over the forthcoming year.

Results for the year are set out in the profit and loss account on page 10.

Our cards scheme (BIN) sponsorship continues to grow organically and funds held on behalf of these clients at year-end and included in Restricted Segregated Funds totalled £28.1 million, just slightly down from £28.5 million at the previous year-end.

Principal risks and uncertainties

The Company uses financial instruments as detailed in note 3. The main purpose of these financial instruments is to raise finance for the Company's operations. The main risks arising from the Company's financial instruments are foreign currency risk, credit risk, liquidity risk, and capital management risk. In addition, the Company has commercial risks surrounding competition, suppliers, customer fraud and technology. The directors review and agree policies for managing each of these risks and they are summarised below:

Foreign currency risk

The Company transacts e-money in 56 different currencies but mainly settles in Sterling, Euros, US Dollars and Canadian Dollars and this may result in significant foreign exchange exposures, the business has instigated a hedging strategy during 2022 to limit the potential impact associated with those exposures representing material risk. Foreign currency risk is monitored on a daily basis to ensure that potential exposure is minimised.

Credit risk

The Company has a small amount due from clients in relation to the BIN Sponsorship business. It does however hold a significant amount of cash with various other financial institutions. The Company monitors the concentration of the risk on a particular counterparty and places all of its safeguarded funds and majority of own funds across 3 authorised credit institutions within the EEA.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest any surplus cash assets of the Company safely and profitably. The Company is financed through equity. At 31 December 2022 the Company had a positive net cash balance of own funds of £6,810,498 (2021: £5,329,888).

Principal risks and uncertainties (continued)

Capital management risk

There can be no assurance that the regulatory body providing a licence to the Company, namely the Financial Conduct Authority, will not change their licensing requirements, including the terms and conditions to which the licence and approval currently held by the Company are subject. If a regulatory scheme under which the Company operates were to change its licensing requirements, the Company may be required to expend significant capital or other resources to comply with the new requirements and/or may not be able to meet the new requirements, either or a combination of which could have a material adverse effect on the Company's business, financial condition and results of operations.

The merchants that participate in the Company's EcoPayz payment system may themselves be regulated by the relevant regulators in the jurisdictions in which they are based, and therefore the position in their place of supply (and where their regulators and applicable local laws deem the gambling transaction to take place) is explicitly legal. However, the supply of internet-based services continues to be subject to complex, inconsistent and often protectionist approaches by jurisdictions worldwide. There is therefore a risk that action taken by these jurisdictions may result in a significant downturn in merchant activity, with a corresponding downturn in the revenues and profits of the Company.

Customer fraud risk

The Company faces the risk of fraud from customers that seek to abuse the payment methods that it offers. Accordingly, the Company has policies and procedures to identify suspicious transactions to prevent significant levels of fraud occurring. Management continually review these policies and procedures and enhance them where new threats are identified.

Competition risk

The Company competes with a number of other companies, some of which have greater financial, marketing and other resources than the Company. These companies may adopt more aggressive pricing policies or undertake more extensive marketing and advertising campaigns. This may have a negative impact on revenues or profit margin achieved by the Company in the future. The Company closely monitors competition within the industry and has a long-term approach to improving its products, marketing and infrastructure.

Supplier risk

The Company has relationships with a number of key third-party suppliers who provide products and services which support the delivery of sophisticated, high performance transaction processing systems. However, the Company exercises little control over many of these third-party suppliers and is reliant on them to perform their services in accordance with the terms of their contracts, which increases its vulnerability to problems with the products and services they provide. Any adverse event affecting the Company's relationship with them could have a material adverse effect on the Company's reputation, business, financial condition and results of operations. The Company attempts to mitigate this risk by having multiple suppliers whenever possible.

Strategic report (continued)

Principal risks and uncertainties (continued)

Technology risk

The Company's operations are highly dependent on technology and advanced information systems and there is a risk that such technology or systems could fail. In addition to such failure, there can be no assurance that such technology or systems will not be subject to damage or interruption caused by human error, unauthorised access, computer viruses, distributed denial of service (DDoS) attacks, increase in volume in usage of online services, sabotage, natural hazards or disasters or other similarly disruptive events including other security breaches, or will be able to support a significant increase in online traffic or increased customer numbers. Any failure or disruption of, or damage to, the Company's technology or systems, could have a material adverse effect on the Company's business, financial condition or results of operations. The Company has in place data recovery and systems recovery procedures, security measures, and business continuity plans in the event of failure or disruption of, or damage to, the Company's technology or systems.

Future developments

As regards our own brand, ecoPayz, business we have been extremely successful in expanding, in a controlled way, introducing new products/services and into new territories. Being mindful of relevant sanctions and local jurisdictional requirements and our own risk based assessments and decision making we have been extremely successful over the past years. We will continue to operate in a similar fashion by targeting new markets and market demographics, introducing suitable and sustainable new products/services and by carefully choosing our business partners with the view to long term scalability, sustainability and, by doing so, generating growth of volumes, turnover and profit accordingly.

With regards to our Fintech Services area of business we will continue to grow during the next year and onwards. Our model has been refined over the past few years and will continue to be so by anticipating market requirements and providing excellence in the core services we offer which has proved very successful as evidenced by winning large tender opportunities, establishing excellent working relationship with our suppliers, including the card schemes, which is generating quality leads and by continuing to provide desirable added value.

In summary, PSI-Pay we believe is in a very good position, versus our immediate competitors. However, we are acutely aware of the consequences of complacency and so we engage with external advisors who assess us against our competition so that we can always maintain a competitive edge.

There have been no other significant events since the balance sheet date.

Approved by the Board and signed on its behalf by:

Andrew Downes
Director

17 May 2023

PSI-Pay Limited

Directors' report

The directors present their annual report on the affairs of PSI-Pay Limited ("the Company"), together with the financial statements and auditor's report, for the year ended 31 December 2022.

Principal activity

The principal activity of PSI-Pay Limited is that of an issuer of electronic money, and associated payment devices, regulated by the Financial Conduct Authority under the Electronic Money Regulations 2011 (Register ref: 900011).

On 1 January 2021 following the United Kingdom's exit from the EU all our EU customers, businesses, merchants and BIN Sponsors ceased to be served by the Company as it was no longer able to passport its services into the EU.

Results and dividends

The results for the year are shown on page 10. The profit after tax for the year attributable to shareholders amounted to £675,581 (2021: £1,444,874). The directors made a payment of a dividend of £Nil during the year ended 31 December 2022 (2021: £2,753,469).

Subsequent to the year end, the Directors declared and paid a final dividend in respect of 2022 of £1,000,000.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including foreign currency risk, cash flow risk and fraud risk and these are discussed in the Strategic Report on pages 1 to 3.

Directors

The directors, who served throughout the year and to the date of this report, are as follows:

Jonathan Amrani
Clare Mahood
Andrew Downes

Directors' indemnities

As permitted by section 233 of the Companies Act 2006, the Company has insurance cover on behalf of the Directors indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

Future developments

Details of future developments can be found in the Strategic Report on page 3.

PSI-Pay Limited

Directors' report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Our Auditors, KPMG Audit LLC, being eligible, have expressed their willingness to accept appointment and to continue in office in accordance with Section 485 of the Companies Act 2006.

Registered office

The Company has its registered office at Afon Building, Worthing Road, Horsham, West Sussex, RH12 1TL.

Approved by the Board and signed on its behalf by:

Clare Mahood

Clare Mahood
Director

17 May 2023

PSI-Pay Limited

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud, or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of PSI-Pay Limited

Our Opinion

We have audited the financial statements of PSI Pay Limited (the "Company"), which comprise the balance sheet as at 31 December 2022, the profit and loss account, statement of changes in equity and cash flow statement for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of the Company's profit for the year then ended;
- are properly prepared in accordance with United Kingdom accounting standards, including FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (the "going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of management as to the Company's policies and procedures to prevent and detect fraud as well as enquiring whether management have knowledge of any actual, suspected or alleged fraud;
- reading minutes of meetings of those charged with governance; and
- using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and taking into account possible incentives or pressures to misstate performance and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, and the risk that management may be in a position to make inappropriate accounting entries. We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing any identified entries to supporting documentation;
- incorporating an element of unpredictability in our audit procedures; and
- Testing automated controls over revenue, use of data analytics including vouching and re-computation of a sample of revenue transactions using both statistical and non-statistical methods.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence, and discussed with management the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or impacts on the Company's ability to operate. We identified financial services regulation as being the area most likely to have such an effect, recognising the regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

The directors' report and strategic report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;

Independent auditor's report to the members of PSI-Pay Limited (continued)

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

M. Fahd. Kherati

Mohammed F Kherati (Senior Statutory Auditor)
For and on behalf of KPMG Audit LLC (Statutory Auditor)
Chartered Accountants
Heritage Court
41 Athol Street
Douglas, Isle of Man

Date : 19 May 2023

PSI-Pay Limited

Profit and loss account
For the year ended 31 December 2022

	Note	2022 £	2021 £
Turnover		**6,723,069**	10,754,902
Investment income		**545,999**	42,813
Total income	4	**7,269,068**	10,797,715
Cost of sales		**(4,199,136)**	(6,817,425)
Gross profit		**3,069,932**	3,980,290
Administrative expenses		**(2,236,971)**	(2,199,211)
Profit on ordinary activities before taxation	6	**832,961**	1,781,079
Tax on profit on ordinary activities	9	**(157,380)**	(336,205)
Profit for the financial year		**675,581**	1,444,874

All results derive from continuing operations.

In both the current and preceding financial years, there was no other comprehensive income other than that dealt with in the profit and loss above.

The notes on pages 14 to 29 form an integral part of these financial statements.

PSI-Pay Limited

Balance sheet
As at 31 December 2022

	Note	2022 £	2021 £
Non-current assets			
Tangible fixed assets	11	**7,401**	13,026
		7,401	13,026
Current assets			
Debtors	12	**1,946,879**	1,497,249
Restricted segregated funds	10	**69,462,374**	63,073,370
Cash and cash equivalents		**6,810,498**	5,329,888
		78,219,751	69,900,507
Creditors: amounts falling due within one year	14	(73,066,907)	(65,427,986)
Net current assets		**5,152,844**	4,472,521
Total assets less current liabilities		**5,160,245**	4,485,547
Provisions for liabilities and charges	13	**(561)**	(1,444)
Net assets		**5,159,684**	4,484,103
Capital and reserves			
Called-up share capital	15	**2,700,003**	2,700,003
Profit and loss account		**2,459,681**	1,784,100
Shareholders' funds		**5,159,684**	4,484,103

The financial statements of PSI-Pay Limited (registered number 05899168) were approved by the board of directors and authorised for issue on 17 May 2023. They were signed on its behalf by:

Clare Mahood

Clare Mahood
Director

The notes on pages 14 to 29 form an integral part of these financial statements.

PSI-Pay Limited

Cash flow statement
For the year ended 31 December 2022

	Note	2022 £	2021 £
Operating profit		**832,961**	1,781,079
Adjustments for:			
Depreciation of plant and equipment	11	**7,001**	6,789
Increase in trade and other receivables		**(451,284)**	(783,734)
Increase in trade and other payables		**1,276,831**	1,139,116
Increase/(Decrease) in E-money float liabilities		**6,281,481**	(44,192,441)
(Increase)/Decrease in segregated funds		**(6,389,004)**	32,265,709
Cash generated from/(used in) operations		**1,557,986**	(9,783,482)
Income taxes paid		**(76,000)**	(1,068,464)
Net cash generated from/(used in) operating activities		**1,481,986**	(10,851,946)
Cash flows from investing activities			
Purchases of plant and equipment	11	**(1,376)**	(8,975)
Dividends paid	5	**-**	(2,753,469)
Net cash utilised in investing activities		**(1,376)**	(2,762,444)
Net increase/(decrease) in cash and cash equivalents		**1,480,610**	(13,614,390)
Cash and cash equivalents at 1 January		**5,329,888**	18,944,278
Cash and cash equivalents at 31 December		**6,810,498**	5,329,888

The notes on pages 14 to 29 form an integral part of these financial statements.

PSI-Pay Limited

Statement of changes in equity
For the year ended 31 December 2022

	Called-up share capital £	Profit and loss account £	Total £
At 1 January 2022	**2,700,003**	**1,784,100**	**4,484,103**
Profit for the financial year	-	675,581	675,581
Total comprehensive income	**2,700,003**	**2,459,681**	**5,159,684**
Dividends paid (note 5)	-	-	-
At 31 December 2022	**2,700,003**	**2,459,681**	**5,159,684**
At 1 January 2021	2,700,003	3,092,695	5,792,698
Profit for the financial year	-	1,444,874	1,444,874
Total comprehensive income	2,700,003	4,537,569	7,237,572
Dividends paid (note 5)	-	(2,753,469)	(2,753,469)
At 31 December 2021	2,700,003	1,784,100	4,484,103

The notes on pages 14 to 29 form an integral part of these financial statements.

1. Accounting policies

The principal accounting policies are summarised below.

a. General information and basis of accounting

PSI-Pay Limited is a Company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 6. The nature of the Company's operations and its principal activities are set out in the strategic report and directors report on pages 1 to 6.

The financial statements have been prepared on a going concern basis under the historical cost convention, and in accordance the Companies Act 2006 and United Kingdom Accounting Standards including Financial Reporting Standard 102 ("FRS 102") as issued by the Financial Reporting Council. PSI-Pay Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. PSI-Pay Limited is consolidated in the financial statements of its parent, PSI Limited, which may be obtained at 75 Spectrum, Central Promenade, Douglas, Isle of Man, IM2 4LL.

The functional and presentational currency of PSI-Pay Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

b. Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report and directors' report ('the reports'). The reports further describe the financial position of the Company; its cash flows and liquidity position; the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit risk and liquidity risk.

The current economic conditions create uncertainty particularly over (a) the level of demand for the Company's services; (b) the exchange rate between sterling and other currencies and thus the consequence for the Company's direct cost of doing business.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

c. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office equipment - 3 years / 33% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

1. Accounting policies (continued)

d. *Financial instruments*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The Company accounts for all of its financial instruments as basic financial instruments in accordance with Section 11 of FRS102.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

e. *Impairment of assets*

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

1. Accounting policies (continued)

e. Impairment of assets (continued)

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

f. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

1. Accounting policies (continued)

g. Turnover

The Company is involved in e-money transaction processing services. Revenues from transaction processing are recognised in profit or loss at the time the services are rendered. Revenue is calculated either as a percentage of funds processed or as a charge per transaction, pursuant to the respective customer and merchant agreements.

The Company's BIN sponsorship division invoices its established clients monthly, normally based on the value of the transactions processed during the month just ended, and subject to a minimum fee amount. These fees are accounted for in the profit and loss account in the month in which they are earned. During the on-boarding process of new clients, a setup fee is normally charged to cover the Company's costs during the short period it takes for the programme to go live. These setup fees are accounted for in the profit and loss account in the month in which they are invoiced.

Interest and investment income are recorded on an accruals basis.

h. Employee benefits

PSI-Pay Limited operates a defined contribution scheme and the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

i. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

j. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

k. Segregated account funds and liquid assets

Segregated account funds and liquid assets represents amounts held in segregated bank accounts, which represent funds held on behalf of members, merchants and BIN sponsorship programmes. These segregated bank accounts are segregated from operating funds. In compliance with the safeguarding provisions of the Electronic Money Regulations 2011 and the Payment Services Regulations 2017 issued by the Financial Conduct Authority ("FCA"), the Company is required to hold qualifying liquid assets in segregated bank accounts at least equal to the amount of electronic money ("e-money") that has been issued to members and BIN sponsorship programmes.

l. E-money float

The Company recognises a liability upon issuance of electronic money to its members, merchants and BIN Sponsorship programmes equal to the amount of electronic money that has been issued.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors have considered if they are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources, primarily in relation to accruals and depreciation. The directors are of the opinion that there is no material uncertainty in the carrying amounts of assets and liabilities which all have a maturity date of less than one year.

3. Financial risk

The Company is exposed to a range of financial risks through its financial assets and financial liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations to repay account holders as they fall due. The most important components of this financial risk are interest rate risk, currency risk, credit risk and liquidity risk. The risk management policies employed by the Company to manage these risks are discussed below.

(a) Market risk

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of differences in market interest rates.

Currency risk

The Company manages their foreign exchange risk against their functional currency. Foreign exchange arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Company is primarily exposed to currency risk in respect of liabilities to clients denominated in currencies other than Sterling. The Company seeks to mitigate the risk by matching liabilities denominated in the foreign currency with assets denominated in the same currency.

During the year the Company entered into two non-deliverable future contracts to mitigate the exchange rate risk for certain foreign currency exposures. At 31 December 2022, the outstanding contracts all mature within 3 months of the year end. The fair value of these contracts using the spot rate at the year end has resulted in the contracts being out of the money by £10,346. This is recorded as a liability in Note 14.

At 31 December 2022, if the pound had weakened/strengthened by 10% against the various currencies with all other variables held constant, profit for the year would have been £34,930 lower/higher (2021: £106,643), mainly as a result of foreign exchange gains on the translation of foreign-denominated financial assets, carried at fair value through profit or loss.

3. Financial risk (continued)

(a) Market risk (continued)

The Company's net currency exposures denominated in GBP equivalent were as follows:

	Carrying Value on Balance Sheet (in GBP)	
	2022	2021
GBP	**4,860,680**	5,528,517
EURO	**507,475**	455,290
TRY	**-**	(178,937)
AUD	**182,416**	79,320
USD	**(97,122)**	(253,700)
CAD	**(5,683)**	(134,523)
CHF	**14,022**	108,324
JPY	**186,337**	(99,163)
NOK	**63,199**	(3,475)
PLN	**24,831**	157,174
Other Currencies	**(526,174)**	936,122
Total Net Currency Exposure	**5,209,981**	6,594,949

(b) Credit risk and concentrations

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the Company is exposed to credit risk are:

- cash and cash equivalents
- amounts due from payment processors (included within Segregated account funds and liquid assets)
- amounts due from clients (trade debtors)

The Company manages the levels of credit risk it accepts by placing limits on its exposure to a single counterparty. Such risks are subject to regular review. Limits on the level of credit risk by category and territory are approved by the Board of directors.

The assets bearing credit risk are summarised below, together with an analysis by credit rating:

	2022	2021
	£	£
Client debtors	**1,535,534**	1,227,398
Restricted cash held in segregated account funds	**69,462,374**	63,073,370
Own cash held	**6,810,498**	5,329,888
Total assets bearing credit risk	**77,808,406**	69,630,656

3. Financial risk (continued)

(b) Credit risk and concentrations

	2022	2021
	£	£
AA	**-**	-
A	**1,422,055**	-
BB	**6,576,529**	-
Below BBB or not rated	**69,809,822**	69,630,656
Total assets bearing credit risk	**77,808,406**	69,630,656

Concentration risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The concentration of credit risk is substantially unchanged compared to prior year. No financial assets are past due or impaired at the reporting date and management expects no significant losses from non-performance by these institutions.

(c) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk of PSI-Pay is the obligation to make funds available to account holders as requested. All funds held on behalf of clients are placed in bank current account and held as restricted e-money floats (see note 10) and are therefore restricted and available on demand.

All of the Company's financial assets and liabilities have maturity dates within the next year. Full details of these assets and liabilities are provided elsewhere in the notes to the financial statements, see notes 10, 12 and 14.

3. Financial risk (continued)

(d) Capital management risk

The Company defines capital in accordance with regulations prescribed by the Financial Conduct Authority ("FCA"). The Company's capital consists of:

	2022	2021
	£	£
Share capital (paid)	**2,700,003**	2,700,003
Retained earnings	**2,459,681**	1,784,100
Total Capital Resources	**5,159,684**	4,484,103
Total Capital Requirement	**2,441,430**	1,557,365
Capital surplus	**2,718,254**	2,926,738

The Company's objectives when managing capital are:

i) to comply with legal and statutory obligations and maintain capital resources commensurate with the nature, scale and risk profile of its business;
ii) to provide a framework for monitoring the financial and capital position of the Company, including the procedures to be followed during periods of general financial distress, either due to internal or external events; and
iii) to safeguard the Company's ability to continue as a going concern.

Management information to monitor the Company's capital requirements and solvency position is produced and presented to the Board on a regular basis ensuring that the Company meets its capital requirements at all times.

PSI-Pay Limited

Notes to the financial statements
For the year ended 31 December 2022 (continued)

4. Turnover and revenue

An analysis of the Company's turnover by class of business is set out below:

	2022 £	2021 £
Turnover:		
The Company's own e-wallet business	**5,732,391**	9,944,124
The Company's BIN Sponsorship business	**990,678**	810,778
Investment income	**545,999**	42,813
	7,269,068	10,797,715

An analysis of the Company's turnover by geographical market is set out below:

	2022 £	2021 £
Turnover:		
Europe (including UK)	**1,758,635**	1,353,307
Asia	**5,188,382**	8,866,490
North America	**130,830**	203,697
Rest of the World	**191,221**	374,221
	7,269,068	10,797,715

5. Dividends on equity shares

The directors declared and paid a dividend of £Nil during the year (2021: £2,753,469).

6. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:	2022 £	2021 £
Depreciation of tangible fixed assets (note 11)	**7,001**	6,789
Operating lease rentals	**110,758**	144,929
Foreign exchange loss	**251,139**	1,106,853
Audit fees – current year	**68,400**	51,240
Non-audit fee - tax compliance	**6,600**	5,520

7. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2022 Number	2021 Number
Administration	**18**	17

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	**1,348,183**	897,522
Social security costs	**147,398**	99,958
Other pension costs (see note 17)	**51,346**	47,444
	1,546,927	1,044,924

8. Directors' remuneration and transactions

	2022 £	2021 £
Directors' remuneration		
Emoluments	**354,438**	255,066
Company contributions to money purchase pension schemes	**11,587**	13,988
	366,025	269,054

	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	**1**	1

	2022 £	2021 £
Remuneration of the highest paid director:		
Emoluments	**307,688**	181,874
Company contributions to a money purchase pension scheme	**11,587**	6,562

Details of transactions during the year with companies that have directors in common are disclosed in note 18.

Key management personnel
The directors deem that they are the Company's only key management personnel, and that all employee benefits for the directors have been disclosed within the directors' remuneration figures above.

9. Tax on profit on ordinary activities

The tax charge comprises:

	2022	2021
	£	£
Current tax on profit on ordinary activities		
UK corporation tax	**158,263**	336,264
Over provision in respect of previous year	**-**	(700)
Total current tax	**158,263**	335,564
Deferred tax		
Origination and reversal of timing differences (note 13)	**(883)**	641
Total deferred tax	**(883)**	641
Total tax on profit on ordinary activities	**157,380**	336,205

Under the Finance Act 2016, the main rate of corporation tax reduced from 20% and 19% effective from 1 April 2017. Under the Chancellor's 2021 budget this rate will remain in effect until 31 March 2023.

The deferred tax asset at the balance sheet date has been calculated based on the rate of 19% effective at the balance sheet date.

There is no expiry date on timing differences, unused tax losses or tax credits.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2022	2021
	£	£
Profit on ordinary activities before tax	**832,961**	1,781,079
Tax on profit on ordinary activities at standard UK corporation tax rate of 19.0% (2021: 19.0%)	**158,263**	338,405
Effects of:		
-Adjustments to tax charge in respect of previous periods	**-**	(700)
-Origination and reversal of timing differences (note 13)	**(883)**	641
- Expenses not deductible for tax purposes	**-**	(2,141)
Total tax charge for year	**157,380**	336,205

10. Restricted cash

In compliance with the Financial Conduct Authority (FCA) safeguarding provisions within the Electronic Money Regulations 2011 and Payment Services Regulations 2018, the Company is required to safeguard all relevant funds that have been received in exchange for e-money separate from the Company's own funds.

	As at 31 December 2022 £	As at 31 December 2021 £
Restricted cash held in segregated safeguarded accounts	**69,462,374**	63,073,370

Restricted cash represents safeguarded Client funds as part of the Company's regulated e-money services. These funds are held in segregated bank accounts away from company funds in FCA authorised credit institutions within the EEA as part of the Company's safeguarding policy.

11. Tangible fixed assets

	2022 £	2021 £
Office equipment (cost)		
At 1 January	**22,732**	22,212
Additions	**1,376**	8,975
Assets written off	**-**	(8,455)
At 31 December	**24,108**	22,732
Accumulated depreciation		
At 1 January	**9,706**	11,372
Charge for the year	**7,001**	6,789
Assets written off	**-**	(8,455)
At 31 December	**16,707**	9,706
Net book value	7,401	13,026

Notes to the financial statements
For the year ended 31 December 2022 (continued)

12. Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	1,535,534	1,227,398
Amounts owed by entities under common ownership (note 18)	53,650	124,744
Other debtors	157,748	27,808
Prepayments and accrued income	166,602	82,988
Corporation tax	33,345	34,311
	1,946,879	1,497,249

Amounts owed by entities under common ownership are unsecured, interest free and repayable on demand.

13. Deferred taxation

	2022 £	2021 £
At 1 January	(1,444)	(803)
Charged to profit and loss account	883	(641)
At 31 December	(561)	(1,444)

Deferred tax

	2022 £	2021 £
Deferred tax is provided as follows:		
Accelerated capital allowances	883	641

14. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	134,516	771,882
Amounts owed to parent Company (note 18)	1,397	-
Amounts owed to entities under common ownership (note 18)	2,695,855	781,151
Corporation tax	80,609	-
Other taxation and social security	76,647	49,592
E-money float and BIN sponsorship customer floats	69,966,755	63,685,274
Accruals and deferred income	100,782	140,087
Financial instrument – future contract (note 3a)	10,346	-
	73,066,907	65,427,986

Amounts owed to the parent Company and entities under common ownership are unsecured, interest free and payable on demand.

Notes to the financial statements
For the year ended 31 December 2022 (continued)

15. Called-up share capital

	2022 £	2021 £
Allotted, called-up and fully-paid		
1,100,003 ordinary shares of £1.00 each	**1,100,003**	1,100,003
1,600,000 Redeemable preference shares of £1.00 each	**1,600,000**	1,600,000
Total called-up share capital	**2,700,003**	2,700,003

The 1,600,000 Redeemable Preference shares of £1 each are redeemable by the Company at any time with not less than one month's written notice to the holders of the preference shares. The preference shares carry no voting rights, receive no dividends, and rank in priority to the ordinary shares for repayment in the event of the Company being wound up.

The preference shares can only be redeemed at the discretion of the Company and therefore they do not satisfy the definition of a financial liability under FRS 102, sections 11 and 12, and have been presented as an equity instrument.

16. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

Land and buildings	**2022** **£**	**2021** **£**
- within one year	19,080	73,606
- between one and five years	-	-
- after five years	-	-
	19,080	73,606

17. Employee benefits

Defined contribution schemes

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2022 was £51,346 (2021: £47,444). 18. Related party transactions

18. Related party transactions

Transactions during the year with companies that had directors in common

During the year, the Company paid £Nil (2021: £14,400) to Neopay Limited, where Craig James was also a director, for the provision of professional services. At the year end, an amount of £NIL (2021: £Nil) was owed by the Company to Neopay Limited.

During the year, the Company was charged £84,000 (2021: £84,000) for consultancy services rendered by Bancom Europe Limited, a company owned by Mr. Avraham Shaked, the ultimate controlling party of PSI-Pay Limited (see note 19). At the year end, an amount of £7,000 (2021: £7,000) was owed to Bancom Europe Limited by the Company and £87 (2021: £Nil) was owed to the Company by Bancom Europe Limited.

18. Related party transactions (continued)

The ultimate beneficial owner of the Company, and a number of directors and employees have e-Money accounts with the Company on normal commercial terms.

The above agreements have been entered into and prices transacted on an arm's length basis, all balances are unsecured, interest free and payable or repayable on demand.

Other related party transactions

Name	Relationship	Nature of Transaction	2022 Transactions £	2022 Balance £	2021 Transactions £	2021 Balance £
PSI Limited	Parent company	Hosting Services	-	-	27,083	-
PSI Limited	Parent company	E-money float	-	-	-	(450,657)
PSI Limited	Parent company	Revenue from E2G transactions	-	-	171,896	-
PSI Limited	Parent company	General expenses	1,533	(970)	2,187	453
IPS Solutions Limited	Fellow subsidiary	Daily cross settlements	-	6,142	-	46,045
IPS Solutions Limited	Fellow subsidiary	Custodian for IPS Programmes	-	(2,598,512)	-	(704,896)
IPS Solutions Limited	Fellow subsidiary	Mastercard pass through fees collected by IPS	15,295	2,018	-	-
IPS Solutions Limited	Fellow subsidiary	Recharge of Fintech costs and Mastercard fees	162,887	48,009	367,564	122,125
FTCO Limited	Fellow subsidiary	Technology and verification services	145,110	(11,863)	204,830	(12,533)
FTCO Limited	Fellow subsidiary	E-money float	-	(34,064)	-	(284,835)
SIA Ibanpay	Shared UBO	Customer Support	506,102	(84,982)	467,432	(105,032)
Com-Tec-Co Services Cyprus Ltd	Shared UBO	Telecommunications services	1,973	3,114	2,166	2,166

All the above agreements have been entered into and prices transacted on an arm's length basis, all balances are unsecured, interest free and payable or repayable on demand.

19. Controlling party

The immediate parent Company throughout the year was PSI Limited, a company incorporated in the Isle of Man.

The ultimate controlling party throughout the year was Mr. Avraham Shaked, controlling indirectly, 48 per cent of the issued share capital of the Company, through its parent Company, PSI Limited.

20. Post balance sheet event

Subsequent to the year end, the Directors declared and paid a final dividend in respect of 2022 of £1,000,000.