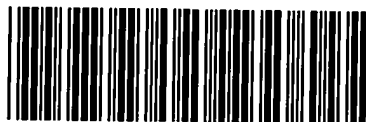


**REPORT OF THE DIRECTORS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**  
**FOR**  
**PAYNETWORX GROUP LTD**

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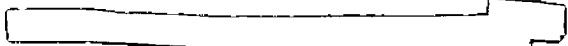

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COMPANIES HOUSE

**C.B. HESLOP & Co. Ltd.,**  
Chartered Accountants

**PAYNETWORKX GROUP LTD**

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**for the year ended 31 DECEMBER 2022**

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**PAYNETWORKX GROUP LTD**

**COMPANY INFORMATION**  
**for the year ended 31 DECEMBER 2022**

**DIRECTORS:**

R.O. Mills  
S L Voigt  
T R Voigt

**SECRETARY:**

R.O. Mills

**REGISTERED OFFICE:**

Suite 3                      Court Yard Offices  
Braxted Park  
Braxted Park Road  
Witham  
Essex  
CM8 3GA

**REGISTERED NUMBER:**

07710467 (England and Wales)

**SENIOR STATUTORY AUDITOR:** Stephen J. Coke

**AUDITORS:**

C B Heslop & Company Limited  
Chartered Accountants  
Statutory Auditors  
1 High Street  
Thatcham  
Berks  
RG19 3JG

**PAYNETWORKX GROUP LTD**  
**REPORT OF THE DIRECTORS**  
**for the year ended 31 DECEMBER 2022**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2022.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of card and payment processing services provided to financial institutions, sales organisations and merchants. The group specialises in technology solutions for the e-commerce and card-not-present marketplace. The subsidiaries Annecto UK Ltd and Paynetworkx Ltd also hire out chip and pin terminals.

**REVIEW OF BUSINESS**

The restructuring of Annecto UK Ltd since acquisition in July 2016 is producing significant reductions in cost base. The group continues to invest in developing its unique intellectual property and IT platforms.

The Consolidated Statement of Financial Position on page 10 shows at the balance sheet date the group had net current liabilities of £1,204,570 and a deficit on Total Equity of £81,586.

The directors, whilst recognising the potential uncertainty over the group's ability to settle liabilities as they fall due, continue to adopt the going concern basis in the preparation of the financial statements. The group has the support of its ultimate controlling party WLES LP and has continued to meet its obligations as they have fallen due.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

R.O. Mills  
S L Voigt  
T R Voigt

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors 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 the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards. 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 the group and of the profit or loss of the group 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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**PAYNETWORKX GROUP LTD**

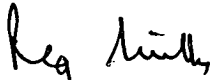
**REPORT OF THE DIRECTORS**  
**for the year ended 31 DECEMBER 2022**

**AUDITORS**

The auditors, C B Heslop & Company Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**



.....  
R.O. Mills Director

Date: .....

13/09/2023

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
PAYNETWORX GROUP LTD**

**Opinion**

We have audited the financial statements of Paynetworx Group Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the UK.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the UK;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the UK and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Emphasis of matter**

The Consolidated Statement of Financial Position on page 10 shows at the balance sheet date the group had net current liabilities of £1,204,570 and a deficit on Total Equity of £81,586.

The directors, whilst recognising the potential uncertainty over the group's ability to settle liabilities as they fall due, continue to adopt the going concern basis in the preparation of the financial statements. The group has the support of its ultimate controlling party WLES LP and has continued to meet its obligations as they have fallen due.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
PAYNETWORK GROUP LTD**

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Group Strategic Report or in preparing the Report of the Directors.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PAYNETWORKX GROUP LTD**

### **Auditors' responsibilities for the audit of the financial statements**

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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

### **Identifying and assessing potential risks related to irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we have considered the following:

- the nature of the industry, control environment and business performance
- management's comments about their own identification and assessment of the risks of irregularities;

We also considered any matters we identified after reviewing the Group's policies and procedures relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of noncompliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations including the Group's controls relating to the Parent Company's ongoing compliance with FCA regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: timing of recognition of revenue and related party transactions. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included Group's ongoing compliance with FCA regulations, the UK Companies Act, and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty

We have also considered the subsidiary undertakings which form part of the consolidated financial statements. We have reviewed each subsidiary's financial statements and the audit work performed on them to identify any instances of non-compliance with laws and regulations that could give rise to a material misstatement of the group financial statements.

The level of experience of staff allocated to the audits were reviewed and it was concluded the all had sufficient knowledge and experience to perform the work. There were no areas deemed to require the assistance of a specialist.

### **Audit response to risks identified**

As a result of performing the above, we identified revenue recognition and related party transactions as key audit matters related to the potential risk of fraud. Our response to the identification of these main risks was to carry out audit procedures and test appropriate samples of transactions included in those areas.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the disclosures in the financial statements and testing to supporting documentation to assess compliance with relevant laws and regulations;
- enquiring of management concerning actual and potential litigation and claims;



**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
PAYNETWORX GROUP LTD**

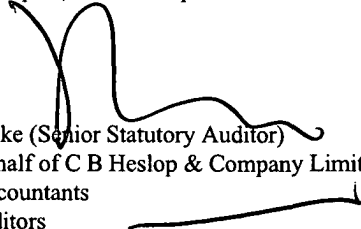
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and enquiring about any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Use of our report**

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 a Report of the Auditors 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 the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen J. Coke (Senior Statutory Auditor)  
for and on behalf of C B Heslop & Company Limited  
Chartered Accountants  
Statutory Auditors  
1 High Street  
Thatcham  
Berkshire  
RG19 3JG

Date: 13.09.2023

**PAYNETWORKX GROUP LTD**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**for the year ended 31 DECEMBER 2022**

	Notes	31.12.22 £	31.12.21 £
<b>CONTINUING OPERATIONS</b>			
Revenue		318,685	446,607
Cost of sales		(164,444)	(100,631)
<b>GROSS PROFIT</b>		154,241	345,976
Other operating income		23,460	192,579
Administrative expenses		(1,190,343)	(1,288,545)
<b>OPERATING LOSS</b>		(1,012,642)	(749,990)
Finance costs	4	(14,816)	(270)
Finance income	4	762	-
<b>LOSS BEFORE INCOME TAX</b>	5	(1,026,696)	(750,260)
Income tax	6	72,679	4,965
<b>LOSS FOR THE YEAR</b>		(954,017)	(745,295)
Loss attributable to: Owners of the parent		(954,017)	(745,295)

The notes form part of these financial statements

**PAYNETWORKX GROUP LTD**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**for the year ended 31 DECEMBER 2022**

	31.12.22 £	31.12.21 £
<b>LOSS FOR THE YEAR</b>	<b>(954,017)</b>	<b>(745,295)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Item that will not be reclassified to profit or loss:</b>		
Exchange difference	2,387	455
Income tax relating to item that will not be reclassified to profit or loss	-	-
	<u>2,387</u>	<u>455</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	<b>2,387</b>	<b>455</b>
	<u>2,387</u>	<u>455</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(951,630)</b>	<b>(744,840)</b>
	<u>(951,630)</u>	<u>(744,840)</u>
Total comprehensive income attributable to:		
Owners of the parent	<u>(951,630)</u>	<u>(744,840)</u>

The notes form part of these financial statements

**PAYNETWORX GROUP LTD (REGISTERED NUMBER: 07710467)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2022**

	Notes	31.12.22 £	31.12.21 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	8	1,114,420	1,114,420
Owned			
Intangible assets	9	5,791	5,187
Property, plant and equipment	10	3,154	7,523
Right-of-use			
Property, plant and equipment	10, 19	137,941	1
Investments	11	-	-
		<hr/>	<hr/>
		1,261,306	1,127,131
<b>CURRENT ASSETS</b>			
Inventories	12	127,697	213,464
Trade and other receivables	13	790,678	665,658
Cash and cash equivalents	14	187,092	111,695
		<hr/>	<hr/>
		1,105,467	990,817
<b>TOTAL ASSETS</b>			
		<hr/>	<hr/>
		2,366,773	2,117,948
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	15	652,898	320,285
Share premium	16	224,270	224,270
Other reserves	16	(58,675)	(61,062)
Retained earnings	16	(900,079)	53,938
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		(81,586)	537,431
		<hr/>	<hr/>

The notes form part of these financial statements

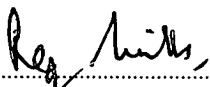
**PAYNETWORKX GROUP LTD (REGISTERED NUMBER: 07710467)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION - continued**  
**31 DECEMBER 2022**

	Notes	31.12.22 £	31.12.21 £
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	18	138,321	35,833
Deferred tax	20	-	307
		<u>138,321</u>	<u>36,140</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	2,250,724	1,504,660
Financial liabilities - borrowings			
Interest bearing loans and borrowings	18	45,456	39,717
Tax payable		13,858	-
		<u>2,310,038</u>	<u>1,544,377</u>
<b>TOTAL LIABILITIES</b>		<u>2,448,359</u>	<u>1,580,517</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2,366,773</u>	<u>2,117,948</u>

The financial statements were approved by the Board of Directors and authorised for issue on  
and were signed on its behalf by:

13/9/2023

  
.....  
R.O. Mills - Director

The notes form part of these financial statements

**PAYNETWORKX GROUP LTD (REGISTERED NUMBER: 07710467)**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2022**

	Notes	31.12.22 £	31.12.21 £
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	8	-	-
Owned			
Intangible assets	9	-	-
Property, plant and equipment	10	-	-
Right-of-use			
Investments	11	57,535	57,535
		<u>57,535</u>	<u>57,535</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	13	2,379,311	1,388,685
Cash and cash equivalents	14	105,082	100,870
		<u>2,484,393</u>	<u>1,489,555</u>
<b>TOTAL ASSETS</b>		<u>2,541,928</u>	<u>1,547,090</u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	15	652,898	320,285
Share premium	16	224,270	224,270
Other reserves	16	(58,675)	(61,062)
Retained earnings	16	(222,342)	98,404
<b>TOTAL EQUITY</b>		<u>596,151</u>	<u>581,897</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	18	25,833	35,833
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	1,909,944	919,360
Financial liabilities - borrowings			
Interest bearing loans and borrowings	18	10,000	10,000
		<u>1,919,944</u>	<u>929,360</u>
<b>TOTAL LIABILITIES</b>		<u>1,945,777</u>	<u>965,193</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2,541,928</u>	<u>1,547,090</u>

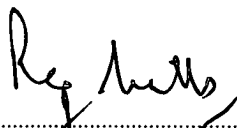
The notes form part of these financial statements

**PAYNETWORX GROUP LTD (REGISTERED NUMBER: 07710467)**

**COMPANY STATEMENT OF FINANCIAL POSITION - continued**  
**31 DECEMBER 2022**

The financial statements were approved by the Board of Directors and authorised for issue on .....  
and were signed on its behalf by:

13/9/2023



.....  
R.O. Mills - Director

The notes form part of these financial statements

**PAYNETWORKX GROUP LTD**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 DECEMBER 2022**

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
<b>Balance at 1 January 2021</b>	320,740	799,233	224,270	(61,517)	1,282,726
<b>Changes in equity</b>					
Issue of share capital	(455)	-	-	-	(455)
Total comprehensive income	-	(745,295)	-	455	(744,840)
<b>Balance at 31 December 2021</b>	<u>320,285</u>	<u>53,938</u>	<u>224,270</u>	<u>(61,062)</u>	<u>537,431</u>
<b>Changes in equity</b>					
Issue of share capital	332,613	-	-	-	332,613
Total comprehensive income	-	(954,017)	-	2,387	(951,630)
<b>Balance at 31 December 2022</b>	<u><u>652,898</u></u>	<u><u>(900,079)</u></u>	<u><u>224,270</u></u>	<u><u>(58,675)</u></u>	<u><u>(81,586)</u></u>

The notes form part of these financial statements



**PAYNETWORKX GROUP LTD**

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 DECEMBER 2022**

	Called up share capital £	Retained earnings £	Share premium £	Other reserves £	Total equity £
<b>Balance at 1 January 2021</b>	320,740	434,799	224,270	(61,517)	918,292
<b>Changes in equity</b>					
Issue of share capital	(455)	-	-	-	(455)
Total comprehensive income	-	(336,395)	-	455	(335,940)
<b>Balance at 31 December 2021</b>	<u>320,285</u>	<u>98,404</u>	<u>224,270</u>	<u>(61,062)</u>	<u>581,897</u>
<b>Changes in equity</b>					
Issue of share capital	332,613	-	-	-	332,613
Total comprehensive income	-	(320,746)	-	2,387	(318,359)
<b>Balance at 31 December 2022</b>	<u><u>652,898</u></u>	<u><u>(222,342)</u></u>	<u><u>224,270</u></u>	<u><u>(58,675)</u></u>	<u><u>596,151</u></u>

The notes form part of these financial statements

**PAYNETWORKX GROUP LTD**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the year ended 31 DECEMBER 2022**

		31.12.22	31.12.21
		£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(1,288,243)	(953,336)
Interest paid		(648)	(270)
Tax paid		86,230	86,222
Government grants		-	192,579
		<hr/>	<hr/>
Net cash from operating activities		(1,202,661)	(674,805)
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(2,700)	(2,593)
Purchase of tangible fixed assets		(298)	(7,961)
Interest received		762	-
		<hr/>	<hr/>
Net cash from investing activities		(2,236)	(10,554)
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Loan repayments in year		(10,000)	(4,167)
Payment of lease liabilities		(43,323)	-
Amount introduced by directors		-	1
Amount withdrawn by directors		(1,170)	-
Share issue		332,613	(455)
Exchange difference		2,387	455
Amounts owed to group undertakings		999,787	641,684
		<hr/>	<hr/>
Net cash from financing activities		1,280,294	637,518
		<hr/>	<hr/>
<b>Increase/(decrease) in cash and cash equivalents</b>		75,397	(47,841)
<b>Cash and cash equivalents at beginning of year</b>	2	111,695	159,536
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	2	187,092	111,695
		<hr/> <hr/>	<hr/> <hr/>

The notes form part of these financial statements

**PAYNETWORKX GROUP LTD**

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the year ended 31 DECEMBER 2022**

<b>1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS</b>		
	31.12.22	31.12.21
	£	£
Loss before income tax	(1,026,696)	(750,260)
Depreciation charges	43,549	65,122
Government grants	-	(192,579)
Finance costs	14,816	270
Finance income	(762)	-
	<hr/>	<hr/>
	(969,093)	(877,447)
Decrease/(increase) in inventories	85,767	(1,715)
(Increase)/decrease in trade and other receivables	(125,020)	112,153
Decrease in trade and other payables	(279,897)	(186,327)
	<hr/>	<hr/>
<b>Cash generated from operations</b>	<b>(1,288,243)</b>	<b>(953,336)</b>
	<hr/>	<hr/>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Year ended 31 December 2022**

	31.12.22	1.1.22
	£	£
Cash and cash equivalents	187,092	111,695
	<hr/>	<hr/>

**Year ended 31 December 2021**

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	111,695	159,536
	<hr/>	<hr/>

The notes form part of these financial statements

## **PAYNETWORX GROUP LTD**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** **for the year ended 31 DECEMBER 2022**

#### **1. STATUTORY INFORMATION**

Paynetworx Group Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

#### **2. ACCOUNTING POLICIES**

##### **Basis of preparation**

These financial statements have been prepared in accordance with UK-adopted international accounting standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

##### **Revenue recognition**

The group's turnover is commission income derived from payment processing services, hiring out of chip & pin machines and sources of finance introductions. Revenue is recognised at the point it becomes due to the group.

##### **Cash and cash equivalents**

Cash represents cash in hand and deposits held on demand with financial institutions. Cash equivalents are short-term, highly-liquid investments with original maturities of three months or less (as at their date of acquisition). Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of change in that cash value.

In the presentation of the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts. Any such overdrafts are shown within borrowings under 'current liabilities' on the Statement of Financial Position.

##### **Goodwill**

Goodwill is capitalised on acquisition. Goodwill capitalised arising on consolidation is based on fair values assigned to acquired assets and liabilities. Goodwill is carried at cost and is subjected to annual impairment review.

##### **Development costs**

Development costs include expenditure of a capital nature incurred in creating the website, registering with the FCA and registering with Visa and Mastercard. These are all expected to have an operating life of 5 years. The costs are therefore being amortised over 5 years, subject to annual impairment review.

Development costs also includes Annecto UK Ltd's development of an app. These costs are being amortised at 33% on cost in order to write them off over the course of their estimated useful life.

##### **Property, plant and equipment**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	- 20% on cost
Fixtures, fittings & office equipment	- 33% on cost and 20% on cost
Computer equipment	- 33% on cost

##### **Inventories**

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

##### **Taxation**

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

**PAYNETWORX GROUP LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2022**

**2. ACCOUNTING POLICIES - continued**

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Leases**

Leases are recognised as finance leases. The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

**Employee benefit costs**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate.

**3. EMPLOYEES AND DIRECTORS**

	31.12.22	31.12.21
	£	£
Wages and salaries	435,525	476,323
Social security costs	49,528	47,725
Other pension costs	10,189	20,410
	<u>495,242</u>	<u>544,458</u>

The average number of employees during the year was as follows:

	31.12.22	31.12.21
Operations staff	12	15
Directors	2	3
	<u>14</u>	<u>18</u>

The services of R O Mills, a director of the company, are provided to the company by R O M Associates Limited. Payments for such services amounted to £52,640 during the year (2021: £53,000).

**4. NET FINANCE COSTS**

	31.12.22	31.12.21
	£	£
Finance income:		
Deposit account interest	<u>762</u>	<u>-</u>

**PAYNETWORKX GROUP LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2022**

**4. NET FINANCE COSTS - continued**

	31.12.22	31.12.21
	£	£
Finance costs:		
Bank interest	-	270
Bank loan interest	648	-
Leasing	14,168	-
	<u>14,816</u>	<u>270</u>
Net finance costs	<u>14,054</u>	<u>270</u>

**5. LOSS BEFORE INCOME TAX**

The loss before income tax is stated after charging/(crediting):

	31.12.22	31.12.21
	£	£
Cost of inventories recognised as expense	164,444	100,631
Leases	452	452
Depreciation - owned assets	4,668	5,479
Depreciation - assets on finance leases	36,784	34,483
Development costs amortisation	-	23,604
Computer software amortisation	2,096	1,556
Auditors' remuneration	25,064	26,000
Auditors' remuneration for non audit work	602	642
Foreign exchange differences	<u>(21,013)</u>	<u>11,636</u>

**6. INCOME TAX**

**Analysis of tax income**

	31.12.22	31.12.21
	£	£
Current tax:		
Adjustment re Previous Year	(72,372)	-
Deferred tax	<u>(307)</u>	<u>(4,965)</u>
Total tax income in consolidated statement of profit or loss	<u>(72,679)</u>	<u>(4,965)</u>

**7. LOSS OF PARENT COMPANY**

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(320,746) (2021 - £(336,395)).

**PAYNETWORX GROUP LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2022**

**8. GOODWILL**

**Group**

	£
<b>COST</b>	
At 1 January 2022	
and 31 December 2022	<u>1,114,420</u>
<b>NET BOOK VALUE</b>	
At 31 December 2022	<u>1,114,420</u>
At 31 December 2021	<u>1,114,420</u>

The goodwill arising after assigning fair values to assets and liabilities acquired with the acquisition of Annecto UK Limited, has been capitalised. The directors believe the underlying business acquired supports the carrying value of goodwill at the balance sheet date. Whilst historic results within Annecto UK Limited have been poor, the directors are of the view that the ongoing business will be profitable once restructuring is complete.

The goodwill carrying value will be subject to periodic impairment review based on the directors appraisal of the acquired business within the subsidiary company.

**9. INTANGIBLE ASSETS**

**Group**

	Development costs £	Computer software £	Totals £
<b>COST</b>			
At 1 January 2022	537,733	7,780	545,513
Additions	<u>-</u>	<u>2,700</u>	<u>2,700</u>
At 31 December 2022	<u>537,733</u>	<u>10,480</u>	<u>548,213</u>
<b>AMORTISATION</b>			
At 1 January 2022	537,733	2,593	540,326
Amortisation for year	<u>-</u>	<u>2,096</u>	<u>2,096</u>
At 31 December 2022	<u>537,733</u>	<u>4,689</u>	<u>542,422</u>
<b>NET BOOK VALUE</b>			
At 31 December 2022	<u>-</u>	<u>5,791</u>	<u>5,791</u>
At 31 December 2021	<u>-</u>	<u>5,187</u>	<u>5,187</u>

**PAYNETWORKX GROUP LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2022**

9. **INTANGIBLE ASSETS - continued**

**Group**

The following amounts of intangible assets acquired on the acquisition of Annecto UK Ltd are included in the brought forward figures above:

	Development costs £
Acquired in business combination	30,585
	<hr/>
	30,585
	<hr/>

Development costs include expenditure of a capital nature giving rise to unique intellectual property associated with creating the Paynetworkx website, registering with the FCA and registering with VISA and Mastercard.

**Company**

	Development costs £
<b>COST</b>	
At 1 January 2022 and 31 December 2022	462,952
	<hr/>
<b>AMORTISATION</b>	
At 1 January 2022 and 31 December 2022	462,952
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 December 2022	-
	<hr/>
At 31 December 2021	-
	<hr/>



**PAYNETWORX GROUP LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2022**

**10. PROPERTY, PLANT AND EQUIPMENT**

**Group**

	Short leasehold £	Improvements to property £	Fixtures, fittings & office equipment £	Computer equipment £	Totals £
<b>COST</b>					
At 1 January 2022	103,451	13,732	28,914	49,209	195,306
Additions	80,470	-	299	-	80,769
At 31 December 2022	183,921	13,732	29,213	49,209	276,075
<b>DEPRECIATION</b>					
At 1 January 2022	103,450	12,860	23,528	47,944	187,782
Charge for year	36,784	572	2,831	1,265	41,452
Charge written back	(94,254)	-	-	-	(94,254)
At 31 December 2022	45,980	13,432	26,359	49,209	134,980
<b>NET BOOK VALUE</b>					
At 31 December 2022	137,941	300	2,854	-	141,095
At 31 December 2021	1	872	5,386	1,265	7,524

The following amounts of property, plant and equipment acquired on the acquisition of Annecto UK Ltd are included in the brought forward figures above:

	Improvements to property £	Fixtures, fittings and office equipment £	Computer equipment £	Totals £
Acquired on business combination	11,552	18,375	44,284	74,211
	11,552	18,375	44,284	74,211

**PAYNETWORKX GROUP LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2022**

**10. PROPERTY, PLANT AND EQUIPMENT - continued**

**Company**

	Computer equipment £
<b>COST</b>	
At 1 January 2022 and 31 December 2022	953
	<hr/>
<b>DEPRECIATION</b>	
At 1 January 2022 and 31 December 2022	953
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 December 2022	-
	<hr/> <hr/>
At 31 December 2021	-
	<hr/> <hr/>

**11. INVESTMENTS**

**Company**

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2022 and 31 December 2022	57,535
	<hr/>
<b>NET BOOK VALUE</b>	
At 31 December 2022	57,535
	<hr/> <hr/>
At 31 December 2021	57,535
	<hr/> <hr/>

**PAYNETWORKX GROUP LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2022**

**11. INVESTMENTS - continued**

**Company**

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Subsidiaries**

**Annecto UK Limited**

Registered office: UK

Nature of business: Card payment processing.

	%		
Class of shares:	holding		
Ordinary	100.00	31.12.22	31.12.21
		£	£
Aggregate capital and reserves		(1,357,604)	(863,926)
Loss for the year		(493,677)	(382,910)
		<u>          </u>	<u>          </u>

On 5th July 2016 the company acquired the entire share capital of Annecto UK Limited at a cost of £7,535.

**Paynetworkx Ltd**

Registered office: UK

Nature of business: Card payment processing

	%		
Class of shares:	holding		
Ordinary	100.00	31.12.22	31.12.21
		£	£
Aggregate capital and reserves		(377,019)	(237,425)
Loss for the year		(139,594)	(25,989)
		<u>          </u>	<u>          </u>

On 11th July 2018 the company incorporated a subsidiary, Paynetworkx Ltd, with share capital at a cost of £50,000.

**12. INVENTORIES**

	<b>Group</b>	
	31.12.22	31.12.21
	£	£
Stocks	<u>127,697</u>	<u>213,464</u>

**PAYNETWORKX GROUP LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2022**

**13. TRADE AND OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	31.12.22	31.12.21	31.12.22	31.12.21
	£	£	£	£
Current:				
Trade debtors	278,245	527,467	-	-
Amounts owed by group undertakings	-	-	1,936,096	1,275,837
Other debtors	400,166	21,853	345,578	10,578
Visa collateral	85,551	87,324	85,551	87,324
Prepayments	26,716	29,014	12,086	14,946
	<u>790,678</u>	<u>665,658</u>	<u>2,379,311</u>	<u>1,388,685</u>

**14. CASH AND CASH EQUIVALENTS**

	<b>Group</b>		<b>Company</b>	
	31.12.22	31.12.21	31.12.22	31.12.21
	£	£	£	£
Bank accounts	<u>187,092</u>	<u>111,695</u>	<u>105,082</u>	<u>100,870</u>

**15. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:				
Number:	Class:	Nominal Value:	31.12.22	31.12.21
2,800,000	Ordinary A	£0.002	340,600	5,600
350,000	Ordinary B	1 Euro	310,398	312,785
750,000	Ordinary C	£0.002	1,500	1,500
200,000	Ordinary D	£0.002	400	400
			<u>652,898</u>	<u>320,285</u>

Share capital of 350,000 euros was issued on 18th June 2015 in line with capital requirements laid down by the Financial Conduct Authority as a requirement for the company's EMI licence issued by the FCA.

Ordinary A shares have attached to them full voting, dividend and capital distribution (including on winding up) rights, they do not confer to any rights of redemption.

Ordinary B shares are non voting with separate dividend rights and capital repayment rights as per the articles of association.

Ordinary C and Ordinary D shares are non voting. The shares have attached to them dividend and capital distribution (including on winding up) rights. They do not confer any rights or redemption.

At the year end the company owned all of the Ordinary D shares and held them in treasury.

On 31/12/22 167,500,000 Ordinary A shares were issued at par value of £0.002 per share.

**PAYNETWORKX GROUP LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2022**

**16. RESERVES**

**Group**

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 January 2022	53,938	224,270	(61,062)	217,146
Deficit for the year	(954,017)			(954,017)
Movement	-	-	2,387	2,387
At 31 December 2022	<u>(900,079)</u>	<u>224,270</u>	<u>(58,675)</u>	<u>(734,484)</u>

**Company**

	Retained earnings £	Share premium £	Other reserves £	Totals £
At 1 January 2022	98,404	224,270	(61,062)	261,612
Deficit for the year	(320,746)			(320,746)
Movement	-	-	2,387	2,387
At 31 December 2022	<u>(222,342)</u>	<u>224,270</u>	<u>(58,675)</u>	<u>(56,747)</u>

The shares with euro nominal values are valued at the year end exchange rate. The movement on these is then transferred to the exchange difference reserve, which exists for this purpose.

**17. TRADE AND OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	31.12.22 £	31.12.21 £	31.12.22 £	31.12.21 £
Current:				
Trade creditors	41,665	79,318	-	-
Amounts owed to group undertakings	1,880,521	880,732	1,880,521	880,732
Social security and other taxes	18,635	25,037	-	-
Other creditors	79,533	-	-	-
Deferred income	155,974	395,534	-	-
Accrued expenses	48,473	56,778	29,422	37,457
Directors' current accounts	1	1,171	1	1,171
VAT	25,922	66,090	-	-
	<u>2,250,724</u>	<u>1,504,660</u>	<u>1,909,944</u>	<u>919,360</u>

**PAYNETWORKX GROUP LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2022**

**18. FINANCIAL LIABILITIES - BORROWINGS**

	<b>Group</b>		<b>Company</b>	
	31.12.22	31.12.21	31.12.22	31.12.21
	£	£	£	£
Current:				
Bank loans	10,000	10,000	10,000	10,000
Leases (see note 19)	35,456	29,717	-	-
	<u>45,456</u>	<u>39,717</u>	<u>10,000</u>	<u>10,000</u>
Non-current:				
Bank loans - 1-2 years	25,833	35,833	25,833	35,833
Leases (see note 19)	112,488	-	-	-
	<u>138,321</u>	<u>35,833</u>	<u>25,833</u>	<u>35,833</u>

**Terms and debt repayment schedule**

**Group**

	1 year or less £	1-2 years £	2-5 years £	Totals £
Bank loans	10,000	10,000	15,833	35,833
Leases	35,456	38,293	74,195	147,944
	<u>45,456</u>	<u>48,293</u>	<u>90,028</u>	<u>183,777</u>

**Company**

	1 year or less £	1-2 years £	2-5 years £	Totals £
Bank loans	10,000	10,000	15,833	35,833

**PAYNETWORKX GROUP LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2022**

**19. LEASING**

**Group**

**Right-of-use assets**

**Property, plant and equipment**

	31.12.22	31.12.21
	£	£
<b>COST</b>		
At 1 January 2022	103,451	103,451
Additions	80,470	-
	<u>183,921</u>	<u>103,451</u>
 <b>DEPRECIATION</b>		
At 1 January 2022	103,450	68,967
Charge for year	36,784	34,483
Charge written back	(94,254)	-
	<u>45,980</u>	<u>103,450</u>
 <b>NET BOOK VALUE</b>	<u><u>137,941</u></u>	<u><u>1</u></u>

**Group**

**Other leases**

	31.12.22	31.12.21
	£	£
Low-value assets leases	<u><u>452</u></u>	<u><u>452</u></u>

**PAYNETWORX GROUP LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2022**

**19. LEASING - continued**

**Group**  
**Lease liabilities**

Minimum lease payments fall due as follows:

	31.12.22	31.12.21
	£	£
Gross obligations repayable:		
Within one year	47,292	29,717
Between one and five years	130,053	-
	<hr/>	<hr/>
	177,345	29,717
	<hr/>	<hr/>
Finance charges repayable:		
Within one year	11,836	-
Between one and five years	17,565	-
	<hr/>	<hr/>
	29,401	-
	<hr/>	<hr/>
Net obligations repayable:		
Within one year	35,456	29,717
Between one and five years	112,488	-
	<hr/>	<hr/>
	147,944	29,717
	<hr/>	<hr/>

**20. DEFERRED TAX**

**Company**

	31.12.22	31.12.21
	£	£
Balance at 1 January	-	4,485
Deferred tax	-	(4,485)
	<hr/>	<hr/>
Balance at 31 December	-	-
	<hr/>	<hr/>

**21. ULTIMATE PARENT COMPANY**

WLES LP is the ultimate controlling company by way of holding 100% of the voting A Ordinary shares and is registered at 2233 Wolf Front Road, Van Alstyne, Texas, 75495, USA.

**22. CONTINGENT LIABILITIES**

There were no contingent liabilities at 31st December 2022.



**PAYNETWORKX GROUP LTD**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**for the year ended 31 DECEMBER 2022**

**23. RELATED PARTY DISCLOSURES**

At the year end there was a balance owed to Paynetworx LLC of £1,880,521 (2021: £880,732).

At the year end, there was a director's loan balance owing to R O Mills of £1 (2021: £1,171).

During the year the company was invoiced £52,640 (2021: £53,000) by R O M Associates Limited a company in which R O Mills, a director, has an interest.