

REGISTERED NUMBER: 10575438 (England and Wales)

**Group Strategic Report, Report of the Director and
Consolidated Financial Statements
for the Period 20 January 2017 to 31 January 2018
for
Payco Holdings Limited**

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for the Period 20 January 2017 to 31 January 2018**

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Payco Holdings Limited
Company Information
for the Period 20 January 2017 to 31 January 2018

DIRECTOR: M S Carroll

REGISTERED OFFICE: Bardon House
Borrowcop Lane
Lichfield
WS14 9DF

REGISTERED NUMBER: 10575438 (England and Wales)

AUDITORS: Dains LLP
Statutory Auditors Chartered Accountants
Birmingham

**Group Strategic Report
for the Period 20 January 2017 to 31 January 2018**

The director presents his strategic report of the company and the group for the period 20 January 2017 to 31 January 2018.

REVIEW OF BUSINESS

This principal activity of the Group is the provision of payment services to its merchants as an E Money licence institution.

On 5th January 2018 Payco Financial Services Limited was acquired by Payco Holdings Limited through the purchase of 100% of its share capital. With the new ownership, the group will now look to sign up new clients for its services. There will continue to be 1 employee within the business so the capital requirements are limited to his/her costs of employment and minimal office costs. The business completed the changes in the license to comply with PSD2 requirements, the business also sourced a replacement technical platform, and continues to test the system ahead of the relaunch of the business. There is a pipeline of work and there is sufficient funding within the business to finance its operating costs.

PRINCIPAL RISKS AND UNCERTAINTIES

The group operates in a highly regulated sector which is currently experiencing significant change. GDPR, PSD2 and the 5th European Money Laundering Directive are all issues that will need to be managed and addressed as well as adding complexity to the industry. Looking ahead, the group is aware of these risks and taken steps to mitigate any risks and prepare the business to relaunch with a fully compliant and technically advanced platform.

The Director is confident that there are sufficient resources to support operations for the foreseeable future and therefore prepare accounts on a going concern basis.

Post year-end the business contracted with the first client and issued a sub-license. The business partnered with another UK company to provide enhanced operational systems and support.

ON BEHALF OF THE BOARD:

M S Carroll - Director

4 December 2018

**Report of the Director
for the Period 20 January 2017 to 31 January 2018**

The director presents his report with the financial statements of the company and the group for the period 20 January 2017 to 31 January 2018.

INCORPORATION

The company was incorporated on 20 January 2017.

PRINCIPAL ACTIVITY

The principal activity of the group in the period under review was that of financial intermediation.

The principal activity of the company is that of a holding company.

DIVIDENDS

No dividends will be distributed for the period ended 31 January 2018.

DIRECTORS

The directors who have held office during the period from 20 January 2017 to the date of this report are as follows:

M S Carroll - appointed 20 January 2017

S J Abel - appointed 20 January 2017 - resigned 5 January 2018

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Group Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 director is 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 he 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 group's auditors are aware of that information.

Payco Holdings Limited (Registered number: 10575438)

**Report of the Director
for the Period 20 January 2017 to 31 January 2018**

AUDITORS

Dains LLP have been appointed as auditors after the year end. Dains LLP have expressed their willingness to continue in office as auditor.

A resolution to re-appoint Dains LLP as the groups auditor will be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

M S Carroll - Director

4 December 2018

Report of the Independent Auditors to the Members of Payco Holdings Limited

Opinion

We have audited the financial statements of Payco Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 31 January 2018 which comprise the Consolidated Statement of Income and Retained Earnings, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement and 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 United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 January 2018 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Director, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion 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 Group Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Payco Holdings Limited

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 Group Strategic Report or the Report of the Director.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page three, the director is 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 director determines 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 director is 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 director either intends to liquidate the group or the parent company or to cease operations, or has no realistic alternative but to do so.

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.

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. 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.

Mark Hargate FCA (Senior Statutory Auditor)
for and on behalf of Dains LLP
Statutory Auditors Chartered Accountants
Birmingham

4 December 2018

Payco Holdings Limited (Registered number: 10575438)

**Consolidated Statement of Income and Retained Earnings
for the Period 20 January 2017 to 31 January 2018**

	Notes	£
TURNOVER		-
Administrative expenses		<u>15,585</u>
OPERATING LOSS and LOSS BEFORE TAXATION		(15,585)
Tax on loss	5	<u>-</u>
LOSS FOR THE FINANCIAL PERIOD		(15,585)
RETAINED EARNINGS FOR THE GROUP AT END OF PERIOD		<u>(15,585)</u>
Loss attributable to: Owners of the parent		<u>(15,585)</u>

The notes form part of these financial statements

Payco Holdings Limited (Registered number: 10575438)

Consolidated Balance Sheet
31 January 2018

	Notes	£	£
FIXED ASSETS			
Intangible assets	7		59,129
Investments	8		<u>-</u>
			59,129
CURRENT ASSETS			
Debtors	9	7,102	
Cash at bank		<u>200,755</u>	
		207,857	
CREDITORS			
Amounts falling due within one year	10	<u>282,569</u>	
NET CURRENT LIABILITIES			<u>(74,712)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(15,583)</u>
CAPITAL AND RESERVES			
Called up share capital	11		2
Retained earnings	12		<u>(15,585)</u>
SHAREHOLDERS' FUNDS			<u>(15,583)</u>

The financial statements were approved by the director on 4 December 2018 and were signed by:

M S Carroll - Director

The notes form part of these financial statements

Payco Holdings Limited (Registered number: 10575438)

Company Balance Sheet
31 January 2018

	Notes	£	£
FIXED ASSETS			
Intangible assets	7		-
Investments	8		<u>275,869</u>
			275,869
CREDITORS			
Amounts falling due within one year	10	<u>275,867</u>	
NET CURRENT LIABILITIES			<u>(275,867)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2</u>
CAPITAL AND RESERVES			
Called up share capital	11		<u>2</u>
SHAREHOLDERS' FUNDS			<u>2</u>
Company's profit for the financial year			<u>-</u>

The financial statements were approved by the director on 4 December 2018 and were signed by:

M S Carroll - Director

The notes form part of these financial statements

Payco Holdings Limited (Registered number: 10575438)

**Consolidated Cash Flow Statement
for the Period 20 January 2017 to 31 January 2018**

	Notes	£
Cash flows from operating activities		
Cash generated from operations	16	<u>(14,778)</u>
Net cash from operating activities		<u>(14,778)</u>
Cash flows from investing activities		
Acquisition of subsidiary, net of cash		<u>(60,336)</u>
Net cash from investing activities		<u>(60,336)</u>
Cash flows from financing activities		
Amount introduced by directors		275,867
Share issue		<u>2</u>
Net cash from financing activities		<u>275,869</u>
Increase in cash and cash equivalents		<u>200,755</u>
Cash and cash equivalents at beginning of period	17	-
Cash and cash equivalents at end of period	17	<u><u>200,755</u></u>

The notes form part of these financial statements

Notes to the Consolidated Financial Statements
for the Period 20 January 2017 to 31 January 2018

1. **STATUTORY INFORMATION**

Payco Holdings Limited 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.

The principal activity of the group and the company is included in the Directors report.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The functional and presentational currency of Payco Holdings Limited is considered to be pounds sterling. The financial statements are rounded to the nearest pound.

Significant judgements and estimates

The directors make estimates and assumptions concerning the future and are also required to exercise judgement in applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- Depreciation, amortisation and residual value

The directors have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded them appropriate. The actual lives of the asset are assessed periodically and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2018, is being amortised evenly over its estimated useful life of ten years.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the Consolidated Financial Statements - continued
for the Period 20 January 2017 to 31 January 2018

2. ACCOUNTING POLICIES - continued

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet 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.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Financial instruments

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

3. EMPLOYEES AND DIRECTORS

	£
Wages and salaries	6,250
Social security costs	852
Other pension costs	33
	<u>7,135</u>

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

Management	<u>1</u>
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The average number of employees by undertakings that were proportionately consolidated during the period was 1 .

Directors' remuneration	<u>-</u>
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4. OPERATING LOSS

The operating loss is stated after charging:

	£
Goodwill amortisation	497
Foreign exchange differences	<u>3,531</u>

5. TAXATION

The group has unused tax losses to carry forward. The recoverability of the losses is dependent on the group's ability to generate future taxable profits sufficient to utilise the tax losses.

Due to the inherent uncertainty in forecasting the amount and the timing of future taxable profits the group has not recognised a deferred tax asset in respect of the tax losses.

The losses carried forward at 31 January 2018 were £369,161, which gives rise to a deferred tax asset of £70,141.

Notes to the Consolidated Financial Statements - continued
for the Period 20 January 2017 to 31 January 2018

6. **INDIVIDUAL INCOME STATEMENT**

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.

7. **INTANGIBLE FIXED ASSETS**

Group

	Goodwill £
COST	
Additions	59,626
At 31 January 2018	<u>59,626</u>
AMORTISATION	
Amortisation for period	497
At 31 January 2018	<u>497</u>
NET BOOK VALUE	
At 31 January 2018	<u>59,129</u>

8. **FIXED ASSET INVESTMENTS**

Company

	Shares in group undertakings £
COST	
Additions	275,869
At 31 January 2018	<u>275,869</u>
NET BOOK VALUE	
At 31 January 2018	<u>275,869</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiary

Payco Financial Services Limited

Registered office: Bardon House, Borrowcop Lane, Lichfield, WS14 9DF

Nature of business: Financial intermediation

Class of shares:	%
Ordinary	holding 100.00

Notes to the Consolidated Financial Statements - continued
for the Period 20 January 2017 to 31 January 2018

9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group
	£
Other debtors	6,180
Prepayments	<u>922</u>
	<u>7,102</u>

10. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group	Company
	£	£
Trade creditors	143	-
Other creditors	59	-
Directors' current accounts	275,867	275,867
Accruals and deferred income	<u>6,500</u>	<u>-</u>
	<u>282,569</u>	<u>275,867</u>

11. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	£
2	Ordinary	£1	<u>2</u>

2 Ordinary shares of £1 each were allotted and fully paid for cash at par during the period.

All shares have full rights with regards to voting, participation and dividends.

12. **RESERVES**

Retained earnings records retained earnings and accumulated losses.

13. **PENSION COMMITMENTS**

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £33. Contributions totalling £59 were payable to the fund at the balance sheet date and are included in creditors.

14. **RELATED PARTY DISCLOSURES**

Key management personnel of the entity or its parent (in the aggregate)

	£
Amount due to related party	<u>275,869</u>

During the period remuneration of £7,135 was paid to key management.

15. **ULTIMATE CONTROLLING PARTY**

The company is ultimately controlled by M Carroll.

Payco Holdings Limited (Registered number: 10575438)

Notes to the Consolidated Financial Statements - continued
for the Period 20 January 2017 to 31 January 2018

16. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	£
Loss before taxation	(15,585)
Amortisation charges	497
Trade and other debtors on acquisition	7,269
Trade and other payables on acquisition	<u>(6,559)</u>
	(14,378)
Increase in trade and other debtors	(7,102)
Increase in trade and other creditors	<u>6,702</u>
Cash generated from operations	<u>(14,778)</u>

17. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Period ended 31 January 2018

	31.1.18	20.1.17
	£	£
Cash and cash equivalents	<u>200,755</u>	<u>-</u>

18. BUSINESS COMBINATIONS

On 5 January 2018, Payco Holdings Limited acquired control of Payco Financial Services Limited under the acquisition method through the purchase of 100% of its share capital for €310,000.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.