

Securetrading Limited

Annual report and financial statements

Registered number 04591066

31 December 2014



Contents

Directors' Report	1
Strategic Report	2
Statement of directors' responsibilities in respect of the Annual Report and the financial statements	3
Independent auditor's report to the members of Securetrading Limited	4
Profit and Loss Account	6
Balance Sheet	7
Notes to the financial statements	8

Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2014.

Principal activities

The principal activities of the company are the provision of secure value-added payment facilities to a broad range of clients across all market sectors and the provision of development and operational services to other companies in the Securetrading Group of companies.

Directors

The directors who held office during the year were as follows:

J A Paulsen
D I Holden

Political and charitable contributions

The Company made no disclosable political or charitable donations or incurred any political expenditure during the year (2013: £nil).


Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



J A Paulsen
Director

40 Bank Street
London
E14 5NR

26 February 2016

Strategic Report

Business review

The company has continued to build its brand and reputation as a Tier 1 independent provider of payments in the marketplace, as well as growing the breadth and depth of services offered to its growing client base.

The debt facility agreed and partially drawn down in 2013 was fully drawn down in the year and is facilitating further investment in the business.

Descriptions of principal risks and uncertainties

The turnover of the company consists of income from the provision of electronic payment services. Sales are dependent on the company being able to continually offer its customers cost-effective, versatile and reliable products and complying with ever changing demands of the environment in which it operates, including changes in global government and regulatory policies around the world.

The company as it adapts to global changes in its markets, needs to ensure that it can maintain strong internal controls and procedures.


The company's principal financial instruments comprise cash in liquid resources, various items such as trade debtors and trade creditors that arise directly from its operations, and a debt facility. The main purpose of these financial instruments is to raise finance for the company's operations.

The main risk arising from the company's financial instruments is liquidity risk. The group finances its operations through a mixture of share capital, funds from its parent company, the debt facility, retained profits and income from sales. Liquidity risk is managed by maintaining a balance between continuity of funding and flexibility through the use of short-term deposits when surplus funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to purchasing authorities and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

By order of the board



J A Paulsen
Director

40 Bank Street
London
E14 5NR

26 February 2016

Statement of directors' responsibilities in respect of the Annual Report, Strategic Report and the financial statements

The directors are responsible for preparing the Directors' Report, Strategic 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 the directors have 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 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 accounting 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; and
- 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 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 also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

Independent auditor's report to the members of Securetrading Limited

We have audited the financial statements of Securetrading Limited for the year ended 31 December 2014 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent auditor's report to the members of Securetrading Limited (continued)

Matters on which we are required to report by exception

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, 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.

A handwritten signature in black ink, appearing to read 'Stephen Muncey', written over a horizontal line.

Stephen Muncey (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

KPMG LLP
15 Canada Square
London
E14 5GL

29 February 2016

Profit and Loss Account
for the year ended 31 December 2014

	<i>Note</i>	2014 £	2013 £
Turnover		5,298,458	5,666,175
Cost of sales		(453,691)	(620,026)
Gross profit		4,844,767	5,046,149
Administrative expenses		(3,782,754)	(4,396,926)
Operating profit	2	1,062,013	649,223
Interest payable and similar charges	3	(2,380,482)	(268,384)
(Loss)/profit on ordinary activities before taxation		(1,318,469)	380,839
Tax on (loss)/profit on ordinary activities	6	(24,207)	9,758
(Loss)/profit for the financial year		(1,342,676)	390,597

The profit and loss account has been prepared on the basis that all activities are continuing operations.

There are no recognised gains and losses other than those presented in the profit and loss account.

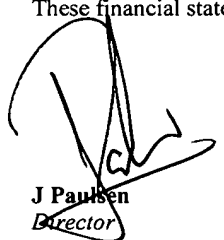
The notes on pages 8 to 16 form part of these financial statements.

Balance Sheet
at 31 December 2014

	<i>Note</i>	2014	2013
		£	£
Fixed assets			
Tangible assets	7	745,909	295,319
		<u>745,909</u>	<u>295,319</u>
Current assets			
Debtors	8	27,731,691	21,686,999
Cash at bank and in hand		85,213	131,099
		<u>27,816,904</u>	<u>21,818,098</u>
Creditors: amounts falling due within one year	9	<u>(9,436,097)</u>	<u>(7,670,758)</u>
Net current assets		18,380,807	14,147,340
Creditors: amounts falling due after more than one year	11	<u>(14,177,861)</u>	<u>(8,151,128)</u>
Net assets		4,948,855	6,291,531
Capital and reserves			
Called up share capital	13	8,600	8,600
Share premium account	14	227,928	227,928
Profit and loss account	14	4,712,327	6,055,003
Shareholders' funds	15	<u>4,948,855</u>	<u>6,291,531</u>

The notes on pages 8 to 16 form part of these financial statements.

These financial statements were approved by the board of directors on 26 February 2016 and were signed on its behalf by:



J Paulsen
Director

Company registered number: 04591066

Notes to the financial statements (forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost accounting rules.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost, less provision for impairment.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Computer systems	-	2-3 years
Fixtures, fittings and equipment	-	3 years

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The Company 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 amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Turnover

Turnover represents amounts receivable for services provided in the normal course of business. Revenue is recognised in line with accrual accounting based on fees received for services provided during the financial year.

The total turnover of the company for the year has been derived from its principal activity, wholly undertaken in the United Kingdom.

Notes (continued)

2 Operating profit

	2014 £	2013 £
Operating profit is stated after charging/(crediting):		
Processing fees charged to other group companies	(281,645)	(187,010)
Depreciation of tangible assets	288,349	120,689
Loss on foreign exchange transactions	12,315	3,300
Intra-group management charges (note 24)	1,000,583	1,791,959

Auditor's remuneration of £20,000 (2013: £20,000) in respect of these financial statements has been borne by the parent company.

3 Interest payable

	2014 £	2013 £
On loans and overdrafts	2,380,482	268,384

The above figure includes loan interest of £2,132,596 (2013: £189,352), loan commitment fee of £40,650 (2013: £58,720), amortisation of loan arrangement fee of £162,500 (2013: £20,312), finance lease interest of £41,774 (2013: nil) and transaction charges of £2,962 (2013: £nil).

4 Remuneration of directors

	2014 £	2013 £
Directors' emoluments	-	-

Notes (continued)

5 Staff numbers and costs

	2014 No.	2013 No.
The average monthly number of employees (including directors) during the year was:		
Sales and administration	2	15
Technical and development	12	12
Customer service and support	9	12
Management	6	1
	<hr/>	<hr/>
	29	40
	<hr/>	<hr/>

Employee costs	2014 £	2013 £
Wages and salaries	1,233,569	1,379,789
Social security costs	136,860	158,812
Staff pension costs	66,806	56,136
Redundancy	921	56,108
	<hr/>	<hr/>
	1,438,156	1,650,845
	<hr/>	<hr/>

6 Taxation

Analysis of charge in period

	2014 £	2013 £
UK Corporation tax		
Current tax on profit for the year	-	-
	<hr/>	<hr/>
Current tax charge	-	-
Deferred tax		
Deferred tax charge/(credit) for current year	24,207	(9,758)
	<hr/>	<hr/>
Taxation on profit on ordinary activities	24,207	(9,758)
	<hr/>	<hr/>

Notes (continued)

6 Taxation (continued)

Factors affecting the tax charge for the year

The difference between the total current tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax, 21.493% (2013: 23.250%), to the profit before tax is as follows:

	2014 £	2013 £
(Loss)/profit on ordinary activities before taxation	(1,318,469)	380,839
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.49% (2013: 23.25%):	(283,381)	88,545
Effects of		
Expenses not deductible for tax purposes	621	475
Additional deduction for R&D expenditure	(61,179)	(58,703)
Depreciation in excess of capital allowances	29,275	10,612
Other short term timing differences	(47)	1,383
Group relief surrendered / (claimed)	1,768	(42,312)
Unrelieved tax losses and other deductions arising in the period	312,943	-
	283,381	(88,545)
Current tax charge	-	-

Factors that may affect future current and total tax charges

A reduction in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) was substantively enacted on 3 July 2012. Reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. The deferred tax asset at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly.

Notes (continued)

7 Tangible fixed assets

	Computer systems £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2014	1,106,429	85,647	1,192,076
Additions	716,875	22,064	738,939
Disposals	-	-	-
At 31 December 2014	1,823,304	107,711	1,931,015
Depreciation			
At 1 January 2014	815,016	81,741	896,757
Charge for the year	281,334	7,015	288,349
At 31 December 2014	1,096,350	88,756	1,185,106
Net book value			
At 31 December 2014	726,954	18,955	745,909
At 31 December 2013	291,413	3,906	295,319

The additions in the year include assets purchased under finance lease agreements with a value of £604,212 (2013: nil). The net book value of these assets at the year-end was £481,539 (2013: nil).

8 Debtors

	2014 £	2013 £
Trade debtors	686,775	738,590
Amounts owed by parent and fellow subsidiary undertakings	26,903,289	20,755,056
Other debtors	73,241	77,616
Prepayments and accrued income	68,386	91,530
Deferred tax (note 11)	-	24,207
	27,731,691	21,686,999

9 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	501,779	548,850
Amounts owed to parent and fellow subsidiary undertakings	7,505,500	6,484,915
Other taxes and social security costs	628,325	248,246
Other creditors	83,131	50,000
Accruals and deferred income	573,548	338,747
Finance leases	143,814	-
	9,436,097	7,670,758

Notes (continued)

10 Deferred tax

	2014 £	2013 £
Deferred tax asset	-	24,207

At 31 December 2014, deferred tax has been provided as follows:

	2014 £	2013 £
Differences between depreciation and capital allowances	-	24,207

The group has an unrecognised deferred tax asset of £3,728,896 at 20% which has not been recognised under FRS 19 on the grounds that there is insufficient evidence that the asset will be recovered. The elements of deferred taxation are as follows:

	2014 £
Differences between accumulated depreciation and capital allowances	63,957
Tax losses	291,202
Other timing differences	1,146
Total	356,305

11 Creditors: amounts falling due after more than one year

	2014 £	2013 £
Loan	14,287,547	8,780,816
Less: loan arrangement fee	(467,187)	(629,688)
Net liability of loan	13,820,360	8,151,128
Finance leases	357,501	-
	14,177,861	8,151,128

Notes (continued)

11 Creditors: amounts falling due after more than one year (continued)

Maturity of debt:	2014 £	2013 £
In one year or less or on demand	143,814	-
In more than one year but not more than two years	133,972	-
In more than two years but not more than five years	14,511,077	8,780,816
Capitalised loan arrangement fee	(467,187)	(629,688)
	<u>14,321,676</u>	<u>8,151,128</u>

On the 16 November 2013 the Company entered into a 4 year loan facility of £12,650,000, and at the year end this had been fully drawn down (2013: £8,650,000). The interest rate is charged at 17% on the loan principal with 5% of this paid quarterly in arrears and 12% deferred and added to the loan principal.

Loan arrangement fees of £650,000 were incurred on issue of the loan and are being expensed over the life of the loan. Costs of £162,500 were expensed in the period to 31 December 2014 (2013: £20,312).

12 Pension and other post-retirement benefit commitments

The company 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 £66,806 (2013: £56,136). Contributions totalling £8,084 (2013: £9,438) were payable to the fund at the year end and are included in creditors.

13 Called up share capital

	2014 £	2013 £
<i>Allotted, called up and fully paid</i>		
86,009,999 (2013: 86,009,999) Ordinary shares of £0.0001 each	8,600	8,600
	<u>8,600</u>	<u>8,600</u>

14 Movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 January 2014	227,928	6,055,003
(Loss) for the year	-	(1,342,676)
Balance at 31 December 2014	<u>227,928</u>	<u>4,712,327</u>

Notes (continued)

15 Reconciliation of movements in shareholders' funds

	£
(Loss) for the financial year	(1,342,676)
Net deduction from shareholders' funds	(1,342,676)
Opening shareholders' funds	6,291,531
Closing shareholders' funds	4,948,855

16 Ultimate parent company and control

The immediate parent company is SecureTrading Group Limited and the ultimate parent company is UC Group Limited, companies registered in England and Wales.

The ultimate controlling party is J A Paulsen, a director of the company and ultimate parent company.

UC Group Limited prepares group financial statements and copies can be obtained from 40 Bank Street, Canary Wharf, London, E14 5NR, United Kingdom.

17 Related party transactions

During the year, the company received management charges of £1,000,583 (2013: £1,791,959) from UC Group Limited, the ultimate parent company. At 31 December 2014, the company owed UC Group Limited £7,415,354 (2013: £6,414,502).

The company has taken advantage of the exemption available in accordance with FRS 8 'Related party disclosures' not to disclose transactions entered into between members of the SecureTrading Group Limited group, as the company is a wholly owned subsidiary undertaking of that group.