Company Registration No. 05674773

Tuxedo Money Solutions Limited

Annual report and consolidated financial statements

for the year ended 31 March 2016

31-1-2017

Tuxedo Money Solutions Limited

Annual report and consolidated financial statements for the year ended 31 March 2016

Contents **Page(s)**

Annual report and consolidated financial statements for the year ended 31 March 2016

Officers and professional advisers

Directors

John Sharman	Chief Executive Officer
Darren P Veevers	Chief Financial Officer
Ali Reza Sarikhani	
Nima Sarikhani	
Dean R Moore (appointed 1 May 2016)	Chairman

Secretary

Darren P Veevers

Registered Office

Winster House
Heronsway
Chester Business Park
Chester
CH4 9QE

Bankers

Barclays Bank PLC

Solicitors

Knights LLP
Locke Lord

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

Strategic Report

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Tuxedo Money Solutions Limited and its subsidiary undertakings when viewed as a whole

Review of the business

As outlined in previous years, our objective remains to become one of the leading international payments and financial technology businesses

Progress towards achieving this objective within the year ended 31 March 2016 has included the following achievements for the Group

- Successful implementation and launch of live load functionality on a programme
- A presence in the USA implementing our first prepaid solution / programme utilising a US supply chain
- A presence in the UAE, implementing our first programme utilising a supply chain in the Middle East
- Retained attestation of compliance to the Payment Card Industry Data Security Standard (PCI DSS)
- Award winners for innovative products in both the Paybefore and Prepaid365 awards for 2016 and Best Support Service in the British Youth Travel Awards 2016

Financial performance for the year did not grow as anticipated due predominantly to the slower than expected revenue growth outside of the UK Whilst loss making, the financial performance reflects the continued targeted investment for future growth This investment included

- *£0 5m of expenditure to complete and enhance our offer in USA, UAE and to further develop the proposition for the FCA regulated electronic money* services activities(within Other Operating Expenses)
- A further £1 0m invested in our proprietary technology platform, eccount® (within tangible fixed asset additions)

A decrease in cash of £494,251 arose as a result of £3,427,551 of financing being received from investors set against a net cash outflow from operating activities of £2,763,703, capital expenditure of £1,010,362 and servicing of finance costs of £147,737

At the year end the Group had net liabilities of £3,428,679 (2015 – net liabilities of £451,814)

The ongoing support of existing investors allows the Group to continue investing in the future The Board would like to take this opportunity to thank the investors for their continuing commitment and support, both financial and non-financial

Key performance indicators

The principal key performance indicators for the Group are financial in nature

Turnover	£9,096,262	[2015 - £8,897,225]
Gross profit	£2,555,500	[2015 - £3,028,289]
Net current assets	£(124,818)	[2015 - £40,697]
Total assets less current liabilities	£1,533,750	[2015 - £1,082,949]
Net liabilities	£(3,428,679)	[2015 - (£451,814)]

Turnover and Gross profit are used to benchmark performance against previous years and against external parties e g competitors
The Balance sheet measures are used by management to consider the Groups financial position at a point in time

Principal risks and uncertainties

The principal risks and uncertainties facing the Group in management's opinion, and as identified in the Groups risk management framework, are as follows

- Critical supplier failure resulting in loss of service and inability to trade normally
- Data integrity on the platform
- Regulatory change and the complexity of trading in our chosen international markets
- Business continuity and disaster recovery
- Material financial loss as a result of external fraud
- Achieving planned strategic growth objectives

Mitigating actions against the principal risks and uncertainties include

- Corporate governance framework, incorporating a Risk and Monitoring policy, across the Group that is appropriate, proportionate and effective
- Multiple alternative suppliers of critical services
- Monitoring on an ongoing basis along with systems and limits that identify and/or stop potentially fraudulent transactions
- Rigorous development and testing processes of all systems and controls
- Continuous financial reconciliations and data integrity checks
- Regulatory function including country experts and local guidance from suppliers
- Robust governance, security and technology infrastructure hosted at high-availability offsite data centre(s)
- PCI DSS compliance being the Payment Card Industry Data Security Standard

Management acknowledge that prompt effective identification of not only risks and uncertainties, but also of opportunities, is critical for the delivery of strategic objectives

Future developments

The directors expect the general level of activity to increase in the forthcoming year with both turnover and gross profit growth expected This is as a result of revenues from the new international markets coming on line, additional new business being secured and increased value from (and for) existing clients

Investment will continue to be made into future development of the Group as we strive towards our objective of becoming one of the leading international payments and financial technology businesses

Details of significant events since the balance sheet date are contained in note 26 to the financial statements

Darren P Veevers

Darren P Veevers
Director
31 January 2017

Registered Office
Winster House
Heronsway
Chester Business Park
Chester
CH4 9QT

Directors' report

The directors present their annual report on the affairs of Tuxedo Money Solutions Limited ("the Company") and its subsidiaries ('the Group'), together with the consolidated financial statements and independent auditor's report, for the year ended 31 March 2016 The comparative information stated in the financial statements covers the year to 31 March 2015

Principal activities

The principal activity of the Group continues to be as a prepaid solutions provider
The Group provides prepaid payment solutions for consumer focused brands as well as tailored corporate solutions across a wide range of sectors The Group has developed and maintains its own proprietary technology platform, eccount®, that supports all of our products and services

Future developments and events after the balance sheet date

Details of future developments and events that have occurred after the balance sheet date can be found in the Strategic Report on page 2 and form part of this report by cross-reference

Results and dividends

The Group made a loss on ordinary activities before tax of £2,976,750 for the year ended 31 March 2016 (2015 loss £1,417,293), all of which will be transferred to reserves The directors are unable to pay any dividend for the year ended 31 March 2016 (2015 same)

Going concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the annual financial statements Further details regarding the adoption of the going concern basis and the existence of a material uncertainty (due to emphasis of matter) can be found in the Statement of accounting policies in Note 2 to the financial statements

Directors

The directors, who served during the year and thereafter, were as follows

David Dey (resigned 31 May 2016)
John Sharman – Chief Executive Officer
Darren P Veevers - Chief Financial Officer
Ali Reza Sarikhani
Nima Sarikhani
Niels Nielsen (resigned 8 August 2016)

Directors' indemnities

Pursuant to the Articles of Association and subject to the provisions of the Companies Act the directors and officers of the Group and the Company shall be indemnified by the Company, against all costs, charges, losses, expenses and liabilities incurred by them in the execution and discharge of their duties or the exercise of their powers or otherwise in relation thereto

In addition the Company has purchased and maintains directors' and officers' insurance cover against certain legal liabilities and costs for claims incurred in respect of any act or omission in the execution of their duties

Auditor

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

a so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and

b the director has taken all steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting

By order of the Board

Darren P. Veevers

Darren P Veevers
Director
31 January 2017

Registered Office
Winster House, Heronsway, Chester Business Park, Chester, CH4 9QT

Annual report and consolidated financial statements for the year ended 31 March 2016
Directors' responsibilities statement

The directors are responsible for preparing the Annual 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 Group and parent company and of the profit or loss of the Group and parent 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, 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

By order of the Board

Darren P Veevers

Darren P Veevers
Director

31 January 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TUXEDO MONEY SOLUTIONS LIMITED

We have audited the financial statements of Tuxedo Money Solutions Limited for the year ended 31 March 2016 which comprise the consolidated statement of the Profit and Loss Account, the consolidated Balance Sheet, the company Balance Sheet, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity and the related notes 1 to 31 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"

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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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 March 2016 and of the Groups 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TUXEDO MONEY SOLUTIONS LIMITED (continued)

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the group's ability to continue as a going concern The group incurred a net loss of £2,976,750 during the year ended 31 March 2016 and, at that date, the group had net liabilities of £3,428,679 These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
• *the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements*

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

Peter Birch (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Manchester, England

31 January 2017

Annual report and consolidated financial statements for the year ended 31 March 2016
Consolidated profit and loss account for the year ended 31 March 2016

	Notes	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Turnover	3	9,096,262	8,897,225
Cost of sales		(6,540,762)	(5,868,936)
Gross profit		2,555,500	3,028,289
Other operating expenses		(5,384,513)	(4,394,740)
Operating loss	4	(2,829,013)	(1,366,451)
Finance Charges (net)	9	(147,737)	(50,842)
Loss on ordinary activities before taxation		(2,976,750)	(1,417,293)
Tax on loss on ordinary activities	10	-	-
Loss for the financial year	11	(2 976,750)	(1,417 293)

All transactions in the current year are derived from continuing operations

There are no recognised gains or losses in either the current year or previous year other than the loss for each year, as stated above Therefore, no separate consolidated statement of total recognised gains and losses is required

Annual report and consolidated financial statements for the year ended 31 March 2016
Consolidated balance sheet as at 31 March 2016

	Notes	31-March 2016 £	31-March 2015 £
Fixed assets			
Intangible fixed assets	12	1,631,741	1,013,011
Tangible fixed assets	13	26,827	29,241
		1,658,568	1,042,252
Current assets			
Stock	15	113,228	90,429
Debtors			
– due within one year	16	1,544,957	931,996
Cash at bank and in hand	17	326,084	820,335
		1,984,269	1,842,760
Creditors Amounts falling due within one year	19	(2,109,087)	(1,802,063)
Net current (liabilities) / assets		(124,818)	40,697
Total assets less current liabilities		1,533,750	1,082,949
Creditors Amounts falling due after more than one year	20	(4,962,429)	(1,534,763)
Net (liabilities) / assets		(3,428,679)	(451,814)
Capital and reserves			
Share capital	21	19,736,828	19,736,943
Share premium account	22	3,627,089	3,627,089
Profit and loss account	22	(26,792,596)	(23,815,846)
Shareholder's surplus / (deficit)	22	(3,428,679)	(451,814)

The financial statements of Tuxedo Money Solutions Limited, registered number 05674773, were approved by the Board of Directors and authorised for issue on 31 January 2017 They were signed on its behalf by

Darren P. Veevers

Darren P Veevers
Director

31 January 2017

Annual report and consolidated financial statements for the year ended 31 March 2016
Company balance sheet as at 31 March 2016

	Notes	31-March 2016 £	31-March 2015 £
Fixed assets			
Intangible fixed assets	12	1,631,741	1,013,011
Tangible fixed assets	13	26,192	28,146
Investment in subsidiaries	14	330,063	330,063
		1,987,996	1,371,220
Current assets			
Debtors			
– due within one year	16	473,044	328,724
– due after one year	16	8,972,889	6,145,150
Cash at bank and in hand	17	31,897	373,553
		9,477,830	6,847,427
Creditors Amounts falling due within one year	19	(526,348)	(841,864)
Net current assets		8,951,482	6,005,563
Total assets less current liabilities		10,939,478	7,376,783
Creditors Amounts falling due after one year	20	(4,962,429)	(1,534,763)
Net assets		5,977,049	5,842,020
Capital and reserves			
Share capital	21	19,736,828	19,736,943
Share premium account	22	3,627,089	3,627,089
Profit and loss account	22	(17,386,868)	(17,522,012)
Shareholder's funds	22	5,977,049	5,842,020

The financial statements of Tuxedo Money Solutions Limited, registered number 05674773, were approved by the Board of Directors and authorised for issue on 31 January 2017 They were signed on its behalf by

Darren P. Veevers.

Darren P Veevers
Director

31 January 2017

Consolidated cash flow statement for the year ended 31 March 2016

	Notes	Year ended *31 March 2016* £	Year ended *31 March 2015* £
Net cash outflow from operating activities	23	(2,763,703)	(308,222)
Returns on investments and servicing of finance	24	(147,737)	(50,842)
Taxation	24	-	-
Capital expenditure and financial investment	24	(1,010,362)	(499,490)
Cash outflow before management of liquid resources and financing		(3,921,802)	(858,554)
Financing	24	3,427,551	1,534,763
Increase / (decrease) in cash in the year	25	(494,251)	676 209

Consolidated statement of changes in equity at 31 March 2016

	Share capital	Share premium account	Profit and loss account	Total
	£	£	£	£
At 31 March 2015	19,736,943	3,627,089	(23,815,846)	(451,814)
Shares surrendered	(115)	-	-	(115)
Loss for the financial year	-	-	(2,976,750)	(2,976,750)
At 31 March 2016	19 736 828	3 627,089	(26 792,596)	(3 428,679)

Company statement of changes in equity at 31 March 2016

	Share capital	Share premium account	Profit and loss account	Total
	£	£	£	£
At 31 March 2015	19,736,943	3,627,089	(17,522,012)	5,842,020
Shares surrendered	(115)	-	-	(115)
Profit for the financial year	-	-	135,144	135,144
At 31 March 2016	19,736,828	3,627,089	(17,386 868)	5 977,049

Notes to the consolidated financial statements for the year ended 31 March 2016

1 Accounting policies

The principal accounting policies are summarised below They have all been applied consistently throughout the year and the preceding year

General information

Tuxedo Money Solutions Limited is a company incorporated in the United Kingdom under the Companies Act 2006 The address of the registered office is given on page 1 The nature of the group's operations and its principal activities are set out in the Directors' Report on page 2

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council There are no material adjustments on adoption of FRS 102 that would require restatement

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and entities controlled by the Company (its subsidiaries - see note 13) made up to 31 March each year Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities

All intra-group transactions, balances, income and expenses are eliminated on consolidation

Revenue recognition

Turnover is stated net of VAT and trade discounts Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax

The tax currently payable is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

Notes to the consolidated financial statements for the year ended 31 March 2015 (continued)

1 Accounting policies (continued)

Going concern

The Group incurred a net loss of £2,976,750 during the year ended 31 March 2016, and, at that date, the Group's net liabilities totalled £3,428,679 along with net current liabilities of £124,818

The directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future In reaching this judgement the directors considered the following -

- The Group has incurred a planned level of losses (approximately £2 5m unaudited in the ten months following the year end) to the date of approving these financial statements based upon continued investment for future growth
- The existing shareholders have provided £3,000,000 of funding since the year end, via unsecured loans, to fund the Board's continuing growth plans and have indicated their current willingness to continue to provide working capital support as required The existing shareholders are also considering alternative sources of funding However, at the date of approval of these financial statements, the provision of financial support is not guaranteed
- The Group continue to secure significant new contracts to provide payment solutions, software and prepaid products and services

These conditions constitute a material uncertainty that may cast significant doubt over the company's/group's ability to continue as a going concern such that it may be unable to realise its assets and discharge its liabilities in the normal course of business Notwithstanding this, the directors believe that the Group has access to appropriate levels of financing and that the Group will have sufficient cash to fund its activities and continue its operations and meet its liabilities as they fall due for the forseeable future For this reason, the directors continue to adopt the going concern basis in preparing the financial statements

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee All other leases are classified as operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the relevant lease

Fixed asset investments

Fixed asset investments are shown at cost less provision for impairment

Financial liabilities and equity

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

Convertible loan notes

Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component in accordance with the substance of the contracted arrangement At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole This is recognised and included in equity and is not subsequently remeasured

The finance costs of the financial liability are recognised over the term of the debt at a constant rate on the carrying amount

Tangible fixed assets

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

Computer equipment	*3-5 years*

Intangible fixed assets

Computer software development expenditure is written off except where the directors are satisfied as to the technical, commercial and financial viability of individual projects In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Company is expected to benefit This period is between three and five years, or to an actual date for end of useful life if known Provision is made for any impairment

Notes to the consolidated financial statements for the year ended 31 March 2016 (continued)

1 Accounting policies (continued)

Stocks

Stock comprises finished packs and work in progress Packs consist of a number of elements and those individual elements are held in stock at various stages of completeness Stock is stated at the lower of cost or net realisable value

Interest income and expense

Interest income and expense is recognised on an accruals basis in the profit and loss account

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value

Share based payments

The Group issues equity-settled and cash-settled share-based payments to certain employees Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions Fair value is measured by use of established option pricing models The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations A liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date for cash-settled share-based payments

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

Key source of estimation uncertainty – impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of their value in use to the Company The value in use calculation requires the entity to estimate the future cash flows expected to arise from the intangible asset and a suitable discount rate in order to calculate present value

The directors are of the opinion that there are no other critical judgements, estimates nor assumptions that require any further disclosure apart from those involving estimations that the directors have made in the process of applying the Company's accounting policies

Notes to the consolidated financial statements for the year ended 31 March 2016 (continued)

3 Turnover

An analysis of the Group's turnover is as follows

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Pack sales	640,179	337,374
Card Fee income	6,042,529	5,697,989
Other income	2,413,554	2,861,862
	9,096,262	8,897,225

Turnover of £895,477 (2015 - £651,974) was generated in Australia All other turnover was generated in the United Kingdom

4 Operating loss

Operating loss is stated after charging

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Operating lease rentals – office property and equipment	647,608	494,440
Depreciation of property, plant and equipment	19,122	249,739

5 Auditor's remuneration

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Fees payable to the company's auditor for		
the audit of the company's annual accounts	22,000	21,000
the audit of the company's subsidiaries pursuant to legislation	16,000	15,000
Total audit fees	38 000	36,000
Tax compliance services	10,000	8,000
Total non-audit fees	10,000	8,000

6 Staff costs

The average monthly number of employees, including executive directors, during the year was 73 (2015 53)

Their aggregate remuneration comprised

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Wages and salaries	2,404,846	1,909,234
Social security costs	262,889	214,609
	2,667,735	2,123,843

Annual report and consolidated financial statements for the year ended 31 March 2016

Notes to the consolidated financial statements for the year ended 31 March 2016 (continued)

7 Directors' remuneration

The directors' aggregate emoluments were

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Salaries	361,281	398,605
Social security costs	47,134	51,531
	408,415	450,136

No directors are accruing benefits under defined benefit or contribution schemes (2015 - nil)

The remuneration of the highest paid director

Emoluments	232,234	225,938

8 Exceptional items reported after operating profit

There were no such items to report in the year

9 Finance charges (net)

Interest receivable represents interest earned on deposit with bank Interest payable represents interest payable on loan notes

10 Tax on loss on ordinary activities

The tax credit comprises

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Current tax	-	-
	-	-

Corporation tax is calculated at 20% (2015 20%) of the estimated assessable loss for the year

Reconciliation of profit and loss tax charge

Loss on ordinary activities before tax	(2,976,750)	(1,417,293)
Tax on group losses at small company tax rate of 20% (2015 - 20%)	595,350	283,459
Prior year adjustment	-	-
Fixed asset and other timing differences	(507)	52,448
Unutilised tax losses	(594,843)	(335,907)
Current tax credit for the year	-	-

11 Loss attributable to the Company

The profit for the financial year dealt with in the financial statements of the parent Company was £135,144 (2015 £807,526 profit) As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company

Annual report and consolidated financial statements for the year ended 31 March 2016

Notes to the consolidated financial statements for the year ended 31 March 2016 (continued)

12 Intangible fixed assets

	Group	
	Computer software	Total
	£	£
Cost		
31 March 2015	2,784,710	2,784,710
Additions	993,654	993,654
31 March 2016	3,778,364	3,778,364
Accumulated amortisation		
31 March 2015	1,771,699	1,771,699
Charge for the year	374,924	374,924
31 March 2016	2,146,623	2,146,623
Net book value		
31 March 2016	1,631,741	1 631 741
31 March 2015	1,013,011	1,042,252

	Company	
	Computer software	Total
	£	£
Cost		
31 March 2015	2,784,710	2,784,710
Additions	993,654	993,654
31 March 2016	3,778,364	3,778,364
Accumulated amortisation		
31 March 2015	1,771,699	1,771,699
Charge for the year	374,924	374,924
31 March 2016	2,146,623	2,146,623
Net book value		
31 March 2016	1,631,741	1,631,741
31 March 2015	1 013,011	1 013,011

Notes to the consolidated financial statements for the year ended 31 March 2016 (continued)

13 Tangible fixed assets

	Group	
	Computer equipment	Total
	£	£
Cost		
31 March 2015	102,064	102,064
Additions	16,708	16,708
31 March 2016	118,772	118,772
Accumulated depreciation		
31 March 2015	72,823	72,823
Charge for the year	19,122	19,122
31 March 2016	91 945	91,945
Net book value		
31 March 2016	26,827	26 827
31 March 2015	29,241	29,241

	Company	
	Computer equipment	Total
	£	£
Cost		
31 March 2015	100,612	100,612
Additions	16,650	16,650
31 March 2016	117,262	117,262
Accumulated depreciation		
31 March 2015	72,466	72,466
Charge for the year	18,604	18,604
31 March 2016	91,070	91,070
Net book value		
31 March 2016	26,192	26,192
31 March 2015	28,146	28 146

14 Fixed asset investments

	Company	
	2016	2015
	£	£
Subsidiary undertakings	330,063	330,063

Annual report and consolidated financial statements for the year ended 31 March 2016

Notes to the consolidated financial statements for the year ended 31 March 2016 (continued)

14 Fixed asset investments (continued)

Subsidiary undertakings	Country of incorporation	Principal activity	Holding	%
Tuxedo MoneyPlus Limited	England	Prepaid Solutions	Direct	100
Tuxedo Money Card Limited	England	Dormant	Direct	100
Tuxedo Money Terminal Limited	England	Dormant	Direct	100
Tuxedo Money Remittance Limited	England	Dormant	Direct	100
Tuxedo Money Solutions Pty Limited	Australia	Prepaid Solutions	Direct	100
Tuxedo Money Solutions inc	USA	Prepaid Solutions	Direct	100

	£
Cost	
At 31 March 2015	18,666,313
Additions	-
At 31 March 2016	18,666,313
Provisions for impairment	
At 31 March 2015 and 31 March 2016	18 336 250
Net book value	
At 31 March 2016	330,063
At 31 March 2015	330,063

15 Stocks

All stocks comprised finished card packs

16 Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Amounts falling due within one year				
Trade debtors	1 046,109	428,617	150,710	16,686
Issue of delayed ordinary shares	-	-	-	-
Other debtors	236,169	172,905	216,590	170,407
Prepayments and accrued income	262,679	330,474	105,744	141,630
	1,544,957	931,996	473,044	328,724

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Amounts falling due after more than one year				
Amounts owed by Group undertakings	-	-	8,972,889	6,145,150
	-	-	8 972 889	6,145,150
Total debtors	1,544,957	931,996	9,445,933	6,473,874

17 Cash and cash equivalents

Cash and cash equivalents comprise of cash and short-term bank deposits with an original maturity of less than three months

18 Deferred tax

At the balance sheet date, the group has an unrecognised deferred tax asset of £4,960,224 being unutilised tax losses of £24,801,123 at 20% (2015 £4,427,016 being £22,135,080 at 20%) relating to tax losses available for offset against future profits

In addition the group had an unrecognised deferred tax asset of £461,076 (2015 £331,650) relating to accelerated capital allowances

No deferred tax asset has been recognised due to the unpredictability of future profit streams All of the tax losses may be carried forward indefinitely

Notes to the consolidated financial statements for the year ended 31 March 2016 (continued)

19 Creditors – Amounts falling due within one year

	Group		Company	
	2016	**2015**	**2016**	**2015**
	£	**£**	**£**	**£**
Trade creditors	1,390,363	756,628	414,835	251,770
Other taxation and social security	164,598	92,170	4,014	85,336
Other creditors	258,820	109,883	7,165	16,768
Accruals and deferred income	295,306	843,382	100,334	487,990
	2,109,087	1,802,063	526 348	841,864

20 Creditors – Amounts falling due after more than one year

	Group		Company	
	2016	**2015**	**2016**	**2015**
	£	**£**	**£**	**£**
Shareholder Loans	4,962,429	1,534,763	4,962,429	1,534,763
	4,962,429	1,534,763	4,962,429	1,534,763

Further shareholder Loans were provided during the year and are unsecured The Capital amounts were £3,250,000 (2015 - £1,480,000) The interest rate is 6% per annum

Notes to the consolidated financial statements for the year ended 31 March 2016 (continued)

21 Share capital

	31 March 2016 £	31 March 2015 £
Allotted, called up and fully paid		
14,206,250 ordinary shares of £1 each (2015 – 14,206,250)	14,206,250	14,206,250
8,264,498 'B' ordinary shares of £0 20 each (2015 – 8,264,498)	1,652,900	1,652,900
4,380,441 'C' ordinary shares of £0 10 each (2015 – 4,380,441)	438,044	438,044
343,879,201 'D' ordinary shares of £0 01 each (2015 – 343,879,201)	3,438,792	3,438,792
8,424,413 "Participating Shares" of £0 0001 each (2015 - 9,573,197)	842	957
Total Share capital	19,736,828	19,736 943

During the year 1,148,784 of the Participating Shares were surrendered

22 Reserves

The share premium account contains the premium arising on issue of equity shares, net of issue expenses

The profit and loss account represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments

23 Reconciliation of operating profit to operating cash flows

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Operating loss	(2,829,013)	(1,366,451)
Depreciation and impairment	394,046	249,739
(Increase) / decrease in stocks	(22,799)	28,676
(Increase) / decrease in debtors	(612,961)	421,889
Increase in creditors	307,024	357,925
Net cash outflow from operating activities	(2,763,703)	(308,222)

Notes to the consolidated financial statements for the year ended 31 March 2016 (continued)

24 Analysis of cash flows

	Year ended 31 March 2016 £	Year ended 31 March 2015 £
Returns on investments and servicing of finance		
Interest paid	(147,737)	(50,842)
Net cash outflow	(147,737)	(50 842)
Taxation		
UK corporation tax received	-	-
Net cash inflow	-	-
Capital expenditure and financial investment		
Development costs of intangible fixed assets capitalised	(993,654)	(489,209)
Purchase of tangible fixed assets	(16,708)	(10,281)
Net cash outflow	(1,010 362)	(499,490)
Financing		
Increase / (decrease) in short-term borrowings	3,427,666	1,534,763
Share capital surrendered	(115)	-
Net cash inflow	3,427,551	1,534,763

25 Analysis and reconciliation of net debt

	1 April 2015 £	Cash flow £	Other non-cash changes £	31 March 2016 £
Cash in hand, at bank	820,335	(494,251)	-	326,084
Debt due within 1 year (see note 18)	-	-	-	-
Debt due after 1 year (see note 19)	1,534,763	3,427,666	-	4,962,429
Net debt	2 355 098	2 933,415	-	5,288,513

26 Financial commitments

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

	2016		2015	
	Land and buildings £	Other £	Land and buildings £	Other £
- within one year	157,416	4,682	155,782	23,311
- between two and five years	296,852	-	407,527	7,770
- after five years	-	-	-	-
	454,268	4,682	563,309	31,081

Operating lease payments represent rentals payable by the Group and company for its office property and equipment

Notes to the consolidated financial statements for the year ended 31 March 2016 (continued)

27 Events after the balance sheet date

There are no non-adjusting events after the balance sheet date that are material and require disclosure

28 Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note

Unsecured short term loans of £3,250,000 (2015 - £1,480,000) were taken out during the year by the Company These loans were provided by shareholders in the company being Pretoria Limited (£1,750,000) and The Anglo Eastern Trust Limited (£1,750,000) The interest rate is 6% per annum The amount outstanding at the year end was £4,962,429 (2015 - £1,534,763)

29 Share-based payments

The company has a share option scheme for eligible employees of the company Options are exercisable at a price fixed equal to or greater than the estimated fair value of the company's shares at the date of grant If the options remain unexercised after a period of ten years from date of grant the options expire Options are forfeited if the employee leaves the company before the options vest unless otherwise agreed

Details of the share options outstanding during the year are as follows

	Year ended 31 March 2016		Year ended 31 March 2015	
	Number of share options	Weighted average exercise price (£)	Number of share options	Weighted average exercise price (£)
Outstanding at beginning of year	12,581 990	0 06	15,403,388	0 07
Expired during the year	-	-	(2,821,398)	0 13
Outstanding at the end of the year	12 581 990	0 06	12,581,990	0 06
Number of individuals holding options	6		6	

30 Ultimate controlling party

The Directors consider Tuxedo Money Solutions Limited to be the ultimate parent company and ultimate controlling party This is the largest and smallest group into which the company is consolidated

31 Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council The following disclosures are required in the year of transition The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2015 As a consequence of adopting FRS 102, no accounting policies have changed to comply with that standard other than computer software developed is now classified as an intangible fixed asset This was previously treated as a tangible fixed asset

Reconciliation of equity

	Group		Company	
	01 April 2015	**31 March 2015**	**01 April 2015**	**31 March 2015**
	£	**£**	**£**	**£**
Equity reported under previous UK GAAP	(451,814)	(451,814)	5,842,020	5,842,020
Adjustments to equity on transition to FRS 102	-	-	-	-
Equity reported under FRS 102	(451,814)	(451 814)	5,842 020	5,842,020

There were no adjustments to equity on transition to FRS102

Reconciliation of loss for the year ended 31 March 2015

	Group	Company
	01 April 2015	**31 March 2015**
	£	**£**
Loss for the financial year under previous UK GAAP	(451,814)	5,842,020
Adjustments transition to FRS 102	-	-
Loss for the financial year under FRS 102	(451 814)	5 842 020

There were no adjustments on transition to FRS102