

Company registration number 05941947 (England and Wales)

PAYMENT CARD SOLUTIONS (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

PAYMENT CARD SOLUTIONS (UK) LIMITED

COMPANY INFORMATION

Directors	Mr P J Swinton	
	Mr R W Anderson	
	Mr T M R Jennings	(Appointed 4 January 2023)
Secretary	Mr P J Swinton	
Company number	05941947	
Registered office	21-24 Millbank London England SW1P 4QP	
Auditor	Kirk Rice LLP Zeeta House 200 Upper Richmond Road Putney London SW15 2SH	

PAYMENT CARD SOLUTIONS (UK) LIMITED

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PAYMENT CARD SOLUTIONS (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report for the year ended 31 December 2022.

Review of the business

Payment Card Solutions (UK) Limited T/A B4B Payments ("B4B") manages, controls and operates the regulated business of issuing Electronic Money products in accordance with Electronic Money and other relevant legislation. B4B obtained this additional regulatory permission in 2020 which enabled B4B to commence issuing its establish prepaid cards business under its own licence and migrate from its previous card issuing partner. In addition to growing the prepaid card issuing business, B4B expanded its product offering during 2022 to provide Banking as a Service (BaaS) products including payment processing and currency conversion. B4B also established procedures enabling Programme Managers to launch their own prepaid products using B4B permissions (BIN Sponsorship). A Programme Manager can be registered as an Agent or Distributor of B4B with the Financial Conduct Authority (FCA).

During the period ended 31 December 2022, revenues increased by 108% to £7,757,645 and Net Revenue after direct costs and partner commissions increased by 87% to £4,018,321. Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 120% to £617,635. The value of card activity processed with MasterCard increased by 108% reflecting the growth in prepaid card issuance and the onboarding of a new Programme Manager.

Following the departure of the UK from the European Union on 31st January 2020, B4B novated its existing European customers to UAB B4B Payment Europe which was a newly established regulated entity in Lithuania within the Payment Card Solutions Group. B4B continues to see strong growth in the UK following Brexit and the economic recovery from the COVID pandemic.

B4B is a wholly owned subsidiary of Payment Card Solutions Group Limited. The parent company and its subsidiary companies was acquired by BC Midco Pte, Ltd on 29th December 2022. The acquisition enables B4B to expand the BaaS product offering utilising the banking facilities of the Banking Circle Group.

PAYMENT CARD SOLUTIONS (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

B4B acknowledges that the effective identification and management of risks and opportunities across all its business activities is vital to ensure the delivery of its strategic objectives. B4B's approach to risk management is aimed at the early identification of key risks and taking action to remove or reduce the likelihood of those risks occurring and their effects. B4B operates a risk based approach regarding its customers and Programme Managers.

Key risks identified by B4B are:

- Ensuring adequate processes and controls
- Retaining appropriately skilled employees
- Global financial instability leading to customer and/or Programme Manager failure.
- Financial crime increasing the potential for material losses
- Achieving business growth objectives or incurring significant unanticipated costs
- Regulatory compliance
- Outbreak of a future corona pandemic
- Exposure to a number of financial risks including currency exchange, interest rates, and risks due to default of credit institutions

B4B addresses the impact and likelihood of the above mentioned business risks mainly through:

- Systems and processes to perform an exact and accurate reconciliation of daily Electronic Monies safeguarded and related liabilities.
- Control mechanisms for processors and Programme Managers
- Right to perform yearly compliance audits for all Programme Managers
- Regular financial reviews of all Programme Managers
- Annual assessment of credit institutions
- Financial prefunding, i.e. pipeline prefunding
- Monitoring and setting policies and procedures to be followed
- Staff workshops and continuous training
- IT security

All the above controls are embedded into a comprehensive risk management framework, which is designed to identify, measure, manage and mitigate significant risks that could adversely affect B4B's future performance.

B4B's risk exposure is aggregated at Director level and reported to the Management Board on a case-by-case basis.

Development and performance

During 2022 B4B focused on the following main activities:

- Obtaining regulatory approval for change of ownership from the FCA
- Development of the BaaS product utilising the payment rails functionality of the Banking Circle Group
- Gearing up for a wider launch of BIN Sponsorship service offering.
- Applying to be a Principle Member of Visa and developing related settlement services
- Developing the relationship with Mastercard and the settlement currencies offered to customers.
- Maintaining relationships with existing Electronic Money customers encouraging organic growth
- New processor integrations
- On-going development of core B4B systems

The future strategy and longer term vision of the company are:

- Continue to grow the business organically in the UK market
- Build strength and depth across the product portfolio, through cross-selling Banking Circle Group products and services to existing customers and adding new customers.
- Retain and grow long-standing relationships with industry players and stakeholders and develop new relationships as the market continues to evolve.
- Maintain reputation as a leading European EMI through strong regulatory practices and a culture of compliance.
- Integrate with other Banking Circle Group companies to drive efficiencies, embed relationships, and grow the business.

PAYMENT CARD SOLUTIONS (UK) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

Key performance indicators

Business performance is judged against 4 main performance indicators:

2022 2021

Revenue	+108%	+38%
Net Revenue	+87%	+53%
EBITDA	+120%	+142%
Settlement Volume	+108%	-

Other information and explanations

The Directors are highly satisfied with B4B's performance during the year and its preparation for acquisition by BC Midco Pte Ltd. B4B achieved its strategic objectives of obtaining authorisation for change of control from the FCA, implementing solutions to support existing customers and onboarding new Programme Managers, grow settlement volumes with Mastercard and preparations to join Visa.

B4B is well positioned to continue to service and grow its portfolio of products, customers and Programme Managers.

On behalf of the board

Mr P J Swinton

Director

22 November 2023

PAYMENT CARD SOLUTIONS (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and financial statements for the year ended 31 December 2022.

Principal activities

The principal activity of the company is that of a regulated electronic money institution and software developer.

Results and dividends

The results for the year are set out on the statement of comprehensive income.

Ordinary dividends were paid amounting to £346,918. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr P J Swinton

Mr R W Anderson

Mr P A Barnes

(Resigned 31 December 2022)

Mr T M R Jennings

(Appointed 4 January 2023)

Post reporting date events

A share allotment of 4,155 shares was made on the 29th January 2023. The shares were allotted to Payment Card Solutions Group Ltd who paid £1,500,000 for the shares. The £1,500,000 paid was recognised as part of the intercompany loan with Payment Card Solutions Group Ltd in this year's financial statements.

An additional share allotment of 1,180 shares was made on the 26th September 2023.

Auditor

In accordance with the company's articles, a resolution proposing that Kirk Rice LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Directors share options

Peter Barnes was granted 433 EMI share options for Payment Card Solutions Group Limited, the parent of Payment Card Solutions (UK) Limited on 11 February 2021. These options were exercised on 29 December 2022 on the completion of the sale of Payment Card Solutions Group Limited to BC Midco PTE Limited.

On behalf of the board

Mr P J Swinton

Director

22 November 2023

PAYMENT CARD SOLUTIONS (UK) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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 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;
- 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.

PAYMENT CARD SOLUTIONS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PAYMENT CARD SOLUTIONS (UK) LIMITED

Opinion

We have audited the financial statements of Payment Card Solutions (UK) Limited (the 'company') for the year ended 31 December 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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 company's affairs as at 31 December 2022 and of its profit 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.

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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

PAYMENT CARD SOLUTIONS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PAYMENT CARD SOLUTIONS (UK) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

Our audit approach was developed by obtaining an understanding of the company's activities, the key functions undertaken by management, and the overall control environment. Based on this understanding we determined an overall materiality and assessed those aspects of the company's transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit risks and planned our audit approach accordingly.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, FCA and FRS 102.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

Using the risk assessment, alongside our understanding of the company's business and their control environment, we considered our approach to ensure sufficient coverage was obtained across the entire financial statements. Our tests included, but were not limited to:

- Agreement of the financial statements disclosures to underlying supporting documentation;
- Enquiries of management;
- Considering the effectiveness of the control environment in monitoring compliance with laws and regulations.

PAYMENT CARD SOLUTIONS (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PAYMENT CARD SOLUTIONS (UK) LIMITED

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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 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.

James Moody
Senior Statutory Auditor
For and on behalf of Kirk Rice LLP

22 November 2023

Statutory Auditor

Zeeta House
200 Upper Richmond Road
Putney
London
SW15 2SH

PAYMENT CARD SOLUTIONS (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	7,757,645	3,730,989
Cost of sales		(3,739,324)	(1,579,324)
Gross profit		4,018,321	2,151,665
Administrative expenses		(4,197,992)	(2,240,817)
Other operating income		389,506	137,018
Operating profit	4	209,835	47,866
Interest receivable and similar income	8	1,652	4
Interest payable and similar expenses	9	(48,144)	(36,508)
Profit before taxation		163,343	11,362
Tax on profit	10	81,517	19,518
Profit for the financial year		244,860	30,880

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

PAYMENT CARD SOLUTIONS (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	£	£
Profit for the year	244,860	30,880
Other comprehensive income	-	-
Total comprehensive income for the year	<u>244,860</u>	<u>30,880</u>

PAYMENT CARD SOLUTIONS (UK) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

		2022		2021	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	12		1,842,856		953,774
Tangible assets	13		91,356		31,886
			<u>1,934,212</u>		<u>985,660</u>
Current assets					
Stocks	14	47,457		19,896	
Debtors	15	1,298,363		1,289,851	
Cash at bank and in hand		53,686,046		14,640,312	
		<u>55,031,866</u>		<u>15,950,059</u>	
Creditors: amounts falling due within one year	17	(54,867,488)		(14,436,545)	
Net current assets			<u>164,378</u>		<u>1,513,514</u>
Total assets less current liabilities			<u>2,098,590</u>		<u>2,499,174</u>
Creditors: amounts falling due after more than one year	18		-		(792,468)
Provisions for liabilities					
Deferred tax liability	20	-		6,058	
		<u>-</u>	<u>-</u>	<u>6,058</u>	<u>(6,058)</u>
Net assets			<u><u>2,098,590</u></u>		<u><u>1,700,648</u></u>
Capital and reserves					
Called up share capital	22		291		277
Share premium account			855,707		355,721
Profit and loss reserves			1,242,592		1,344,650
Total equity			<u><u>2,098,590</u></u>		<u><u>1,700,648</u></u>

The financial statements were approved by the board of directors and authorised for issue on 22 November 2023 and are signed on its behalf by:

Mr P J Swinton
Director

Company Registration No. 05941947

PAYMENT CARD SOLUTIONS (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

		Share capital	Share premium account	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 January 2021		277	355,721	1,547,688	1,903,686
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	30,880	30,880
Dividends	11	-	-	(233,918)	(233,918)
Balance at 31 December 2021		277	355,721	1,344,650	1,700,648
Year ended 31 December 2022:					
Profit and total comprehensive income for the year		-	-	244,860	244,860
Issue of share capital	22	14	499,986	-	500,000
Dividends	11	-	-	(346,918)	(346,918)
Balance at 31 December 2022		291	855,707	1,242,592	2,098,590

PAYMENT CARD SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Payment Card Solutions (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 21-24 Millbank, London, England, SW1P 4QP.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

Payment Card Solutions (UK) Limited is a wholly owned subsidiary of Payment Card Solutions Group Limited, and the results of Payment Card Solutions (UK) Limited are included in the consolidated financial statements of Payment Card Solutions Group Limited.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover relates to Invoices provided and is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover is recognised in line with the performance of these services.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

PAYMENT CARD SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software	Useful life of 5 years
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1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	Over the remaining term of the lease
Fixtures and fittings	33% on reducing balance
Computers	33% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

PAYMENT CARD SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

PAYMENT CARD SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

PAYMENT CARD SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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 profit and loss account, 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 the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 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.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

PAYMENT CARD SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.18 Share-Based Payment Transactions

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The expense in relation to options over the parent company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

The company participates in a share-based payment arrangement granted to its employees and employees of its subsidiaries. The company has elected to recognise and measure its share-based payment expense on the basis of a reasonable allocation of the expense for the group recognised in its consolidated accounts. The directors consider the number of unvested options granted to the company's employees compared to the total unvested options granted under the group plan to be a reasonable basis for allocating the expense.

The expense in relation to options over the company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

PAYMENT CARD SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Prepaid card sales	386,452	609,148
Consultancy fees	24,050	33,568
BIN Sponsorship	1,724,013	183,414
Transactional income	3,616,787	2,204,575
Courier fees	46,105	45,781
Management charge	109,845	112,435
Float load fees	1,422,000	541,074
Business payments	168,928	-
Return on deposits	259,465	994
	<u>7,757,645</u>	<u>3,730,989</u>
	2022	2021
	£	£
Other revenue		
Interest income	1,652	4
Grants received	-	20,578
	<u>-</u>	<u>20,578</u>

4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(286,078)	19,554
Research and development costs	(1,228,326)	(486,054)
Government grants	-	(20,578)
Depreciation of owned tangible fixed assets	27,450	15,587
Amortisation of intangible assets	380,350	217,422
Operating lease charges	137,390	101,443
	<u>137,390</u>	<u>101,443</u>

PAYMENT CARD SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

5 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	15,000	9,500
For other services		
Taxation compliance services	720	-
Other taxation services	2,400	2,750
	3,120	2,750

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Directors	3	3
Sales & Marketing	10	5
Operations	25	15
Technical	6	5
Administration	5	2
Total	49	30

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	2,560,402	1,398,659
Social security costs	297,471	154,309
Pension costs	98,156	60,877
	2,956,029	1,613,845

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	237,008	194,444
Company pension contributions to defined contribution schemes	32,304	31,620
	269,312	226,064

As total directors' remuneration was less than £200,000 in the current year, no disclosure is provided for that year.

PAYMENT CARD SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Interest receivable and similar income

	2022	2021
	£	£
Interest income		
Interest on bank deposits	1,652	4
	<u>1,652</u>	<u>4</u>

9 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and loans	48,144	36,508
	<u>48,144</u>	<u>36,508</u>

10 Taxation

	2022	2021
	£	£
Current tax		
UK corporation tax on profits for the current period	-	(19,045)
	<u>-</u>	<u>(19,045)</u>
Deferred tax		
Origination and reversal of timing differences	(81,517)	(473)
	<u>(81,517)</u>	<u>(473)</u>
Total tax credit	<u>(81,517)</u>	<u>(19,518)</u>

The actual credit for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022	2021
	£	£
Profit before taxation	163,343	11,362
	<u>163,343</u>	<u>11,362</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	31,035	2,159
Tax effect of expenses that are not deductible in determining taxable profit	82,387	50,225
Unutilised tax losses carried forward	-	166,732
Change in unrecognised deferred tax assets	-	(473)
Permanent capital allowances in excess of depreciation	(20,009)	(3,355)
Research and development tax credit	-	(215,761)
Under/(over) provided in prior years	-	(19,045)
Deferred tax adjustments in respect of prior years	(81,517)	-
Utilisation of tax losses	(93,413)	-
	<u>(81,517)</u>	<u>(19,518)</u>
Taxation credit for the year	<u>(81,517)</u>	<u>(19,518)</u>

PAYMENT CARD SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Dividends

	2022 £	2021 £
Interim paid	346,918	233,918

12 Intangible fixed assets

	Software £
Cost	
At 1 January 2022	1,498,101
Additions - internally developed	1,269,432
At 31 December 2022	2,767,533
Amortisation and impairment	
At 1 January 2022	544,327
Amortisation charged for the year	380,350
At 31 December 2022	924,677
Carrying amount	
At 31 December 2022	1,842,856
At 31 December 2021	953,774

13 Tangible fixed assets

	Leasehold land and buildings £	Fixtures and fittings £	Computers £	Total £
Cost				
At 1 January 2022	4,380	21,376	58,098	83,854
Additions	-	29,690	57,230	86,920
At 31 December 2022	4,380	51,066	115,328	170,774
Depreciation and impairment				
At 1 January 2022	2,870	13,470	35,628	51,968
Depreciation charged in the year	755	7,760	18,935	27,450
At 31 December 2022	3,625	21,230	54,563	79,418
Carrying amount				
At 31 December 2022	755	29,836	60,765	91,356
At 31 December 2021	1,510	7,906	22,470	31,886

PAYMENT CARD SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

14 Stocks

	2022 £	2021 £
Finished goods and goods for resale	47,457	19,896

15 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	196,145	118,818
Amounts owed by group undertakings	442,532	876,524
Other debtors	399,855	293,040
Prepayments and accrued income	184,372	1,469
	1,222,904	1,289,851

	2022 £	2021 £
Amounts falling due after more than one year:		
Deferred tax asset (note 20)	75,459	-
	1,298,363	1,289,851

16 Cash and cash equivalents at the end of the year

Included within cash at bank are client funds held in client accounts. At the end of the year, these client funds totalled £52,954,545 (2021: £13,806,278).

Cash and bank balances from client funds held in client accounts include £217,272 of spent E-Money cleared by the card scheme at the year end and receivable to UAB B4B Payments Europe on the next day banks are open for business.

The liability of £217,272 is reported in other creditors and deducted from balances owed to clients as they are no longer relevant funds available to e-money accounts holders.

17 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans	19	-	165,865
Trade creditors		401,128	99,066
Amounts owed to group undertakings		1,614,907	-
Taxation and social security		126,792	123,581
Other creditors		52,681,185	13,822,701
Accruals and deferred income		43,476	225,332
		54,867,488	14,436,545

PAYMENT CARD SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

17 Creditors: amounts falling due within one year (Continued)

Included within other creditors are amounts received from clients in advance of the issue of payment cards. These funds are held in client accounts. At the end of the year, the balance owed to clients in respect of these advances was £52,737,273 (2021: £13,806,278) and all are repayable on demand.

18 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	19	-	792,468

19 Loans and overdrafts

	2022 £	2021 £
Bank loans	-	958,333
Payable within one year	-	165,865
Payable after one year	-	792,468

The HSBC loan was secured by fixed and floating charges over the company's assets. The guarantee ceased upon repayment of the loan.

The original HSBC Loan was repayable by instalments of £20,833.33 commencing 12 months from the date of initial drawdown of the loan (03/07/2020). A variation of these terms was signed with HSBC on the 9th September 2021. These terms detailed that from the 3rd April 2022, the repayment of the loan must be made in 51 monthly instalments of £18,429.49 (excluding interest), with a final repayment of £18,429.35. Interest is charged at 3.99% over the Bank of England's base rate per annum with the first 12 months funded by way of a government grant. The loan has been guaranteed from the UK government, P J Swinton and R W Anderson. The loan was fully repaid on the 29th December 2022.

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
Balances:				
Accelerated capital allowances	-	6,058	(20,858)	-
Tax losses	-	-	96,317	-
	-	6,058	75,459	-

PAYMENT CARD SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

20 Deferred taxation (Continued)

Movements in the year:	2022
	£
Liability at 1 January 2022	6,058
Credit to profit or loss	(81,517)
Asset at 31 December 2022	(75,459)

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

21 Retirement benefit schemes

	2022	2021
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	98,156	60,877

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

22 Share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
of 1p each	29,080	27,695	291	277

23 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£	£
Within one year	118,190	12,368
Between two and five years	78,908	-
	197,098	12,368

24 Subsequent events

A share allotment of 4,155 shares was made on the 29th January 2023. The shares were allotted to Payment Card Solutions Group Ltd who paid £1,500,000 for the shares. The £1,500,000 paid was recognised as part of the intercompany loan with Payment Card Solutions Group Ltd in this year's financial statements.

An additional share allotment of 1,180 shares was made on the 26th September 2023.

PAYMENT CARD SOLUTIONS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

25 Ultimate controlling party

The company's parent is Payment Card Solutions Group Ltd, incorporated in the UK. The registered office address of Payment Card Solutions Group Ltd is 21-24 Millbank, London, England, SW1P 4QP.

The company's ultimate controlling party is EQT VIII (GP) SCS, incorporated in Luxembourg. The principal place of business for EQT VIII (GP) SCS is 51A Boulevard Royal, L-2449, Luxembourg.

The parent of the smallest group preparing consolidated accounts of which the company is a member is Payment Card Solutions Group Limited, incorporated in the UK. The company's registered office address is 21-24 Millbank, London, England, SW1P 4QP.

The parent of the largest group preparing consolidated accounts of which the company is a member is BC Midco PTE Ltd, incorporated in Singapore. The company's registered office address is 12 Marina View, #11-01, Asia Square Tower 2, Singapore 018961.

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.