

# Financial Statements

## Retail Merchant Finance Limited

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**For the year ended 31 December 2014**

THURSDAY



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COMPANIES HOUSE

**Registered number: 06079692**

**Retail Merchant Finance Limited**

## Company Information

<b>Directors</b>	Mr G Poppleton Mr P McOmish Mr M E Postle
<b>Company secretary</b>	Mr P McOmish
<b>Registered number</b>	06079692
<b>Registered office</b>	Matrix House North Fourth Street MILTON KEYNES MK9 1NJ
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2 Broadfield Court SHEFFIELD South Yorkshire S8 0XF
<b>Bankers</b>	Natwest Bank PLC Victoria Street GRIMSBY DN31 1UX

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## **Directors' report**

**For the year ended 31 December 2014**

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

### **Principal activity**

The principal activity of the company during the year was providing credit and debit card processing services to retailers.

### **Results**

The profit for the year, after taxation, amounted to £1,638,822 (2013 - £1,380,513).

### **Directors**

The directors who served during the year were:

Mr G Poppleton  
Mr P McOmish  
Mr M E Postle

### **Directors' responsibilities statement**

The directors are responsible for preparing the Strategic report, the Directors' 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 judgments 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.

## **Directors' report**

**For the year ended 31 December 2014**

### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 21 September 2015 and signed on its behalf.



**Mr G Poppleton**  
Director

## **Strategic report**

**For the year ended 31 December 2014**

### **Business review**

Turnover for the year increased to £6,134,574 (2013: £4,780,314). The directors are satisfied with the annual results. We continue to develop and invest in new technologies and services to drive the growth and efficiency of the business and create additional opportunities with both new and existing customers.

### **Principal risks and uncertainties**

The principal risk to the business is competitors who offer the same service. To mitigate this risk we ensure that we recruit experienced staff and offer a competitive package to our customers. We continue to grow the business through customer referrals direct marketing, social media and PR activities to spread the message about the unique offering and benefits package and to expand our head count with new offices and a growing sales force.

With the company expanding, the board of directors are responsible for creating and appointing critical new business positions to build and supplement departments with the critical experience, key skills and industry knowledge needed to keep ahead of the competition.

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The main issues arising from the company's financial instruments are liquidity risk and interest rate risk. The directors review and agree policies for managing each of these risks, and they are summarised below. The policies have remained unchanged from previous years.

#### **Liquidity risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

#### **Interest rate risk**

The company finances its operations through a mixture of retained profits and inter company support. The company exposure to interest rate fluctuations is managed by the parent company on a group basis.

### **Financial key performance indicators**

The directors manage the ongoing performance of the business by reviewing the management accounts, monitoring variance analysis and reviewing ongoing customer feedback.

This report was approved by the board on 21 September 2015 and signed on its behalf.



**Mr G Poppleton**  
**Director**



## Independent auditor's report to the members of Retail Merchant Finance Limited

We have audited the financial statements of Retail Merchant Finance Limited for the year ended 31 December 2014, which comprise the Profit and Loss account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' responsibilities statement as set out on page one, 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

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

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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.



## Independent auditor's report to the members of Retail Merchant Finance Limited

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

A handwritten signature in black ink, appearing to read "Michael Redfern".

Michael Redfern (Senior Statutory Auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
SHEFFIELD

21 September 2015



## Profit and loss account

For the year ended 31 December 2014

	Note	2014 £	2013 £
<b>Turnover</b>	1,3	<b>6,134,574</b>	4,780,314
Cost of sales		<b>(3,853,106)</b>	(3,099,226)
<b>Gross profit</b>		<b>2,281,468</b>	1,681,088
Administrative expenses		<b>(317,921)</b>	(421,608)
<b>Operating profit</b>	4	<b>1,963,547</b>	1,259,480
Interest receivable and similar income		<b>2,268</b>	4,815
Interest payable and similar charges	7	<b>(25,793)</b>	(42,782)
<b>Profit on ordinary activities before taxation</b>		<b>1,940,022</b>	1,221,513
Tax on profit on ordinary activities	8	<b>(301,200)</b>	159,000
<b>Profit for the financial year</b>	14	<b>1,638,822</b>	1,380,513

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 8 to 14 form part of these financial statements.

## Balance sheet

As at 31 December 2014

	Note	£	2014 £	£	2013 £
<b>Current assets</b>					
Debtors	9	1,012,034		2,630,463	
Cash at bank		115,702		1,031,181	
		<u>1,127,736</u>		<u>3,661,644</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(307,613)</u>		<u>(2,480,343)</u>	
<b>Net current assets</b>			<b>820,123</b>		<b>1,181,301</b>
<b>Total assets less current liabilities</b>			<b>820,123</b>		<b>1,181,301</b>
			<u><u>820,123</u></u>		<u><u>1,181,301</u></u>
<b>Creditors: amounts falling due after more than one year</b>	11		-		2,000,000
<b>Capital and reserves</b>					
Called up share capital	13	100		100	
Profit and loss account	14	820,023		(818,799)	
	15		<u>820,123</u>		<u>(818,699)</u>
			<u><u>820,123</u></u>		<u><u>1,181,301</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 September 2015.

  
**Mr G Poppleton**  
 Director

The notes on pages 8 to 14 form part of these financial statements.

# Notes to the financial statements

For the year ended 31 December 2014

## 1. Accounting policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention.

### 1.2 Turnover

Turnover comprises revenue recognised by the company in respect of services supplied during the year, exclusive of Value Added Tax.

### 1.3 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

### 1.4 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

### 1.5 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The company makes contributions for staff into personal pension plans. The pension cost represents contributions payable to the fund.

### 1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

# Notes to the financial statements

For the year ended 31 December 2014

## 2. Going concern

The directors have prepared these financial statements under the going concern basis. The company directors have reviewed forecasts and are confident that the company will be profitable and will generate cash in the future. The parent company, Retail Merchant Group Limited, has confirmed that the group will not seek repayment of the loan within 12 months of signing these financial statements unless the company is in a position to meet its obligations as they fall due. The company also has the ongoing financial support of the parent company and has been assured that it will continue to make sufficient funds available to enable the company to meet its obligations as they fall due.

## 3. Turnover

The whole of the turnover is attributable to the one principal activity of the company.

A geographical analysis of turnover is as follows:

	2014	2013
	£	£
United Kingdom	6,057,681	4,780,314
Rest of European Union	76,893	-
	<u>6,134,574</u>	<u>4,780,314</u>

## 4. Operating profit

The operating profit is stated after charging:

	2014	2013
	£	£
Auditor's remuneration	3,400	3,100
Auditor's remuneration - non-audit	2,000	1,900
Operating lease rentals:		
- other operating leases	362,344	350,113
	<u>367,744</u>	<u>355,113</u>

The company has entered into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 December 2014. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements, and was approved by shareholders by written resolution.

# Notes to the financial statements

For the year ended 31 December 2014

## 5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2014	2013
	£	£
Wages and salaries	2,797,236	2,263,339
Social security costs	272,668	242,805
Other pension costs	2,775	2,063
	<u>3,072,679</u>	<u>2,508,207</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2014	2013
	No.	No.
Administration and Management	9	7
Sales	64	60
	<u>73</u>	<u>67</u>

## 6. Directors' remuneration

	2014	2013
	£	£
Remuneration	<u>66,043</u>	<u>66,266</u>

During the year no directors accrued retirement benefits (2013: nil) in respect of defined contribution pension schemes.

## 7. Interest payable

	2014	2013
	£	£
On loans from group undertakings	<u>25,793</u>	<u>42,782</u>

## Notes to the financial statements

For the year ended 31 December 2014

**8. Taxation**

	2014 £	2013 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	96,200	-
<b>Deferred tax</b> (see note 12)		
Origination and reversal of timing differences	205,000	(159,000)
<b>Tax on profit on ordinary activities</b>	<u>301,200</u>	<u>(159,000)</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>1,940,022</u>	<u>1,221,513</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%)	416,911	284,002
<b>Effects of:</b>		
Utilisation of tax losses	(210,630)	(284,002)
Other timing differences	36	-
Group relief	(109,925)	-
Marginal relief	(192)	-
<b>Current tax charge for the year</b> (see note above)	<u>96,200</u>	<u>-</u>

**9. Debtors**

	2014 £	2013 £
Trade debtors	633,660	425,871
Amounts owed by group undertakings	239,529	1,902,860
Prepayments and other debtors	138,845	96,732
Deferred tax asset (see note 12)	-	205,000
	<u>1,012,034</u>	<u>2,630,463</u>

# Notes to the financial statements

For the year ended 31 December 2014

## 10. Creditors:

### Amounts falling due within one year

	2014 £	2013 £
Trade creditors	31,981	32,742
Amounts owed to group undertakings	-	2,312,539
Corporation tax	96,200	-
Other taxation and social security	90,751	62,824
Accruals and deferred income	88,681	72,238
	<u>307,613</u>	<u>2,480,343</u>

## 11. Creditors:

### Amounts falling due after more than one year

	2014 £	2013 £
Amounts owed to group undertakings	<u>-</u>	<u>2,000,000</u>

## 12. Deferred taxation

	2014 £	2013 £
At beginning of year	205,000	46,000
(Charge for)/released during year (P&L)	(205,000)	159,000
	<u>-</u>	<u>205,000</u>

The deferred taxation balance is made up as follows:

	2014 £	2013 £
Tax losses carried forward	<u>-</u>	<u>205,000</u>

## Notes to the financial statements

For the year ended 31 December 2014

**13. Share capital**

	2014 £	2013 £
Authorised, allotted, called up and fully paid		
100 Ordinary shares shares of £1 each	100	100

**14. Reserves**

	Profit and loss account £
At 1 January 2014	(818,799)
Profit for the financial year	1,638,822
At 31 December 2014	820,023

**15. Reconciliation of movement in shareholders' funds**

	2014 £	2013 £
Opening shareholders' deficit	(818,699)	(2,199,212)
Profit for the financial year	1,638,822	1,380,513
Closing shareholders' funds/(deficit)	820,123	(818,699)

**16. Operating lease commitments**

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
<b>Expiry date:</b>		
Within 1 year	-	46,848
Between 2 and 5 years	347,633	236,673
Total	347,633	283,521



## Notes to the financial statements

For the year ended 31 December 2014

### **17. Related party transactions**

As a wholly owned subsidiary of Retail Merchant Group Limited, the company is exempt from the requirements of FRS8 to disclose transactions with other members of the group headed by that company.

### **18. Ultimate parent undertaking and controlling party**

The company is wholly owned by Retail Merchant Group. Consolidated financial statements for Retail Merchant Group Limited, which is the largest and smallest group into which the results of the company are consolidated, are available at Companies House.

Its ultimate parent undertaking and controlling related party is Nightingale Holdings Limited, a company incorporated in the Isle of Man.