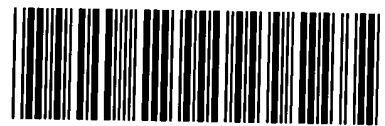


Registered Number: 06580786

KALIXA PAYMENTS GROUP LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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KALIXA PAYMENTS GROUP LIMITED

COMPANY INFORMATION

Directors	K Hedjri G Lock (Appointed 31st May 2017) T Johnstone (Appointed 31st May 2017) N Cotter (Appointed 30th April 2016 and Resigned 31st May 2017) R Hoskin (Appointed 11th March 2016 and Resigned 31st May 2017) J Leigh (Resigned 30th June 2016) M Weigold (Resigned 11th March 2016) J Bennett (Resigned 30th April 2016)
Company Secretary	Hackwood Secretaries Limited
Registered Number	6580786
Registered Office	The Corn Mill 1 Roydon Road Stanstead Abbotts Hertfordshire SG12 8XL
Auditors	BDO LLP 55 Baker Street London W1U 7EU

Organisational Overview

Kalixa Payments Group Limited was a subsidiary of Kalixa Group Limited throughout the financial year. Post year end Kalixa Payments Group Limited was acquired by Senjo Payments Group Pte Limited.

Kalixa Payments Group Limited consolidates all its subsidiaries.

Business model

Kalixa Payments Group Limited (The Group) is the holding company for various businesses and incorporates a number of subsidiaries within it, namely PXP Solutions Limited, PXP Solutions Inc, PXP Solutions PTY Ltd, Kalixa Services GmbH, Kalixa Accept Limited, Kalixa Payments GmbH and Kalixa (USA) Inc.

Kalixa Payments Group Limited is separated into two distinct businesses:

Kalixa Accept Limited and Kalixa Services GmbH are complete, end-to-end payment service that helps businesses make and receive payments online globally. They give access to a wide variety of payment options including card payments and alternative payments and manages the entire payment flow in a secure environment for both their customers and their customers' customers. Kalixa Accept Limited is also a principal member of Visa, Maestro and MasterCard for card acquiring, to which it settles transactions in nine different currencies. It also offers settlement services where it processes transactions via direct connections to over 50 alternative payment methods, providing a single combined settlement to merchants to enable them to offer a wide variety of alternative payment methods to customers without the need to contract and reconcile with those providers individually.

PXP Solutions Limited provides a card focused technical payment gateway solution to merchants. The suite of solutions offered create added value for its merchants (and their customers), include the ability to pay in the native currency of their debit/credit card (Dynamic Currency Conversion), Tokenisation and Offline and Online PIN verification for processing local debit/credit cards in online PIN regions.

The group offers a robust technical solution that allows it to operate 24 hours a day, 365 days a year, safely, securely and continuously.

Strategy

Kalixa Accept Limited's aim is to be one of the largest providers of electronic payment services worldwide. It currently operates with a pan European license in 28 countries and its strategy is to not only grow its customer base in these markets, but also to penetrate into wider geographical markets. To grow its business Kalixa Accept Limited has focused on collaborating with partners to reduce administration and improve its partner experience as well as to expand its partner network. Kalixa Accept Limited plans further enhancements in this area in 2017 to ensure that it builds on the successes of 2016 to strengthen its position on the market and build a global footprint. Kalixa Accept also intends to continue its focus on providing excellent customer service with further automation and enhanced reporting for customers to be rolled out in 2017.

A key strategic focus for the PXP Solutions Limited side of the business is continuing the omni-channel strategy with further development of the e-commerce capabilities of the payment platform along with expansion into the US market with the introduction of EMV technology (Chip and pin) acting as the catalyst. PXP Solutions Limited is strongly focused on its growth in the hospitality, travel and leisure markets and has successfully grown its presence through the period in the international retail market, which is seen as a key development area for the next few years. PXP Solutions Limited delivers payment solutions that give its clients the ability to mix and match their multi-channel transaction capability whether in-store, on-line or in the mobile environments and across multiple geographic territories.

On 31st May 2017 Kalixa Payments Group Limited and its subsidiaries were sold to Senjo Payments Group Pte Limited. This change of ownership should bring the stability and long term commitment to payments needed to further develop the Kalixa platform and product portfolio for the benefit of customers and partners alike.

Performance assessment, financial review and key performance indicators

Key revenue drivers for Kalixa Accept Limited are the value of transactions processed, which increased by 19% (2015: increased 3%) and the number of merchants which grew 37% in 2016 compared to the prior year (2015: 39%).

Key performance indicators for PXP Solutions Limited are settled transaction numbers, which pro-rate have increased by 62.2% (31 December 2015: 7.4%) from prior year and customer numbers, which as a percentage reduced by 9.6% (31 December 2015: 6.5%) year on year.

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effect of credit risk and liquidity risk, amongst others. Effective risk management is critical to achieving the Group's objectives. The Group has a comprehensive system of controls in place to manage risks. The Group has put in place a risk management framework to plan for and mitigate certain risks faced by the business including financial risk.

Given the size of the Group the directors have not delegated the responsibility for financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Group's finance department.

KALIXA PAYMENTS GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

Price Risk

The Group is exposed to price risk due to normal inflationary increases in the purchase price of goods and services in purchases within the territories that it serves.

IT Risk

The Group, by virtue of its PXP side of the business, is exposed to significant IT risks through the processing of financial transactions through its payments gateway and through the operations of its trading activities on several proprietary e-payment platforms one of which is licenced from Kalixa Group Limited. The key risks include ensuring the availability of the payment gateway to payment processors and customers and ensuring that the data transferred through the payment gateway is safe and secure. The Group continues to ensure its Data Security Policy is robust and any such risk is mitigated by continued external audits by its Qualified Security Assessors and its continued certification to the Payment Card Industries Data Security Standards (PCI-DSS).

The Group, by virtue of its Kalixa side of the business, is also exposed to significant IT risks through the operation of some of its trading activities on a proprietary e-payment platform which it licences from Kalixa Group Limited.

Credit Risk

Credit risk is the risk of financial loss to the Group that a customer will fail to meet their contractual obligations.

For a large amount of the Group's revenue stream, it has agreements with merchants to provide net settlements whereby charges are deducted before funds are settled. This helps to reduce the risk to the Group, however, there may be arrangements in place where the Group settles funds prior to receiving them. In specific instances where credit is provided through pre-funding, flexible payment terms are agreed and these are monitored by the Group in order to reduce risk.

Another substantial portion of our revenues are due to support and maintenance contracts that are prepaid. For all other revenue streams internal policies require the finance department to monitor non-payment and consequently block any access to our platforms via a denial of service.

Foreign Exchange Risk

Kalixa Accept Limited aggregates and acquires transactions in multiple currencies for merchants in 28 European countries. Wherever possible the company will receive settlements from payment providers and card schemes in the same currency as the underlying transaction and will settle in this currency to its merchants. Some merchants may request settlement in a currency different from the underlying transaction and the company is able to generate foreign exchange income from providing this service.

Foreign exchange risk also occurs when transactions are entered into which are not denominated in the functional currency of the Company. The Group aims to mitigate against this risk by naturally hedging its assets and liabilities.

Liquidity Risk

The Group actively assesses a mixture of long-term and short-term debt finance that is required to ensure the Group has sufficient available funds for operations.

Corporate governance

As an FCA licenced payment institution, the Group, through Kalixa Accept Limited and Kalixa USA Inc, is obliged to abide by their regulations as well as the other group companies having to comply with PCI standards. The Kalixa Payments Group has established compliance and risk management processes through the use of workshops, committees and regular timely reporting to ensure that risks are identified, monitored and controlled on an on-going basis and that significant risks are escalated to the Board of directors when necessary. The Board considers that the Group companies, where applicable, have complied with these regulations throughout the year.

Approved by the Board of directors on 29.9.17 and signed on its behalf by:


K Hedjri
Director

KALIXA PAYMENTS GROUP LIMITED
DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

Directors' Report

The directors present their report and the financial statements for the year ended 31 December 2016.

Directors

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

J Leigh (Resigned 30th June 2016)

K Hedjri

G Lock (Appointed 31st May 2017)

T Johnstone (Appointed 31st May 2017)

M Weigold (Resigned 11th March 2016)

J Bennett (Resigned 30th April 2016)

N Cotter (Appointed 30th April 2016 and Resigned 31st May 2017)

R Hoskin (Appointed 11th March 2016 and Resigned 31st May 2017)

Reporting Period

The reporting period for this and the prior year is to 31st December.

Principal activities

The principal activity of the Group in the year under review was to provide online payment services to merchants and customers. In order to provide some of these payment services, the company is authorised and regulated by the Financial Conduct Authority under the Payment Services Regulations 2009 and to issue electronic money as a principal member of MasterCard, as a prepaid card issuer. Kalixa Accept Limited is also a principal member of Visa and MasterCard for card acquiring. As a card acquirer for Visa and MasterCard, the Company can directly enter into contracts with merchants to offer merchant acquiring services. The Group through its PXP Solutions Limited business also provides software design with technical support and computer consultancy services.

Results for the year

The loss for the year after tax was £3,785,355 (2015 - £8,602,256).

Following a review of future business prospects, the Directors decided to discontinue the operations of Kalixa Pay Limited, a previously held 100% subsidiary, during the year. The Group subsequently sold Kalixa Pay Limited in December 2016 to Kalixa Group Limited.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Political and charitable donations

There were no charitable donations during the year (2015: £400). There were no political donations in the year (2015: nil).

Directors' indemnities

The Group maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year ended 31 December 2016 in relation to certain losses and liabilities which the directors may incur to third parties.

Post balance sheet events

On 23rd May 2017 it was agreed that the entire Series B Preference Shares of Visa Inc. of 4,650 held by the Group as an asset held for sale were purchased by Kalixa Group Limited for their fair value of £455.55 per share, a total of £2.1m.

On 31st May 2017, following FCA approval the entire share capital of Kalixa Payments Group Limited and its subsidiaries was acquired by Senjō Group Pte Ltd.

KALIXA PAYMENTS GROUP LIMITED
DIRECTORS REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2016

Statement of Directors' Responsibilities

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 International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS's as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The 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.

Disclosure of Information to auditors

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 auditors are 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 auditors are aware of that information.

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 487(2) of the Companies Act 2006

Approved by the Board on 29.1.17 and signed on its behalf by:



.....
K Hedjri
Director

KALIXA PAYMENTS GROUP LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
KALIXA PAYMENTS GROUP LIMITED

We have audited the financial statements of Kalixa Payments Group Limited for the year ended 31 December 2016 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

KALIXA PAYMENTS GROUP LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
KALIXA PAYMENTS GROUP 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 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.

BDO LLP

.....
Leigh Treacy (Senior Statutory Auditor)

For and on behalf of
BDO LLP, Statutory Auditor
55 Baker Street,
London,
W1U 7EU

Date: 29 September 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

KALIXA PAYMENTS GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	31-Dec 2016	31-Dec 2015 (Restated)
REVENUE	2	26,514,122	17,741,877
Cost of Sales		(13,852,569)	(8,669,387)
Gross profit		12,661,553	9,072,490
Non Trading Income		533,603	429,588
Income from Joint venture		-	823,169
Administration expenses	3	(17,265,168)	(13,003,103)
Gain on available for sale recycled from other comprehensive income		4,854,791	-
LOSS FROM OPERATIONS	4	784,778	(2,677,856)
Interest payable and similar charges	9	(1,579,391)	(1,024,132)
Loss on investment	10	(801,023)	(3,199,854)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,595,636)	(6,901,842)
Tax charge	12	(1,870,398)	(460,765)
Loss from continued operations during the year		(3,466,034)	(7,362,607)
Loss from discontinued operations during the year	5	(319,321)	(1,239,649)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	24	(3,785,355)	(8,602,256)
OTHER COMPREHENSIVE INCOME			
Items that will or may be reclassified to profit and loss			
Fair value adjustment		(1,242,539)	8,007,244
Available for sale gain recycled to profit and loss		(4,854,791)	-
Other movement		36,695	(64,648)
Deferred tax		1,258,535	(1,572,007)
TOTAL OTHER COMPREHENSIVE INCOME		(4,802,100)	6,370,589

The notes on pages 15 to 28 form part of these financial statements

KALIXA PAYMENTS GROUP LIMITED

REGISTERED NUMBER: 06580786

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	31-Dec 2016 £	31-Dec 2015 £ (Restated)
Non-current assets			
Intangible assets	13	16,165,997	20,190,753
Tangible assets	14	1,196,736	1,648,557
Deferred consideration	17	523,089	-
		17,885,822	21,839,310
Current assets			
Inventories		-	117,405
Available for sale investment	16	1,867,465	8,007,244
Trade and other receivables	18	31,408,336	19,449,309
Cash at bank and in hand		17,879,848	19,263,483
		51,155,649	46,837,441
Payables : Amounts falling due within one year	19	(33,936,483)	(27,731,309)
Deferred Tax	11	(313,472)	(1,625,850)
NET CURRENT ASSETS		16,905,694	17,480,282
TOTAL ASSETS LESS CURRENT LIABILITIES		34,791,516	39,319,592
Payables : Amounts falling due after more than one year	20	-	40,317,143
Equity			
Called up Share capital	21	1,513,050	1,512,585
Own shares	28	-	517,097
Share premium account	24	408,312	408,312
Available for sale reserve	23	1,568,489	6,370,589
Capital contribution reserve	22	51,071,793	7,088,927
Accumulated loss	24	(19,770,128)	(16,895,061)
		34,791,516	(997,551)
		34,791,516	39,319,592

The notes on pages 15 to 28 form part of these financial statements

The financial statements were approved and authorised for issue by the board on 29.9.17 and signed on its behalf by:


 K Hediri
 Director

KALIXA PAYMENTS GROUP LIMITED
REGISTERED NUMBER: 06580786
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

		31-Dec 2016 £	31-Dec 2015 £
Non-current assets	Notes		
Intangible assets	13	962,810	921,993
Investments:	15		
Investments in subsidiary companies		27,802,145	28,831,552
Other investments and loans		<u>1,136,210</u>	<u>957,802</u>
		28,938,355	29,789,354
		29,901,165	30,711,347
Current assets			
Receivables	18	9,148,210	2,762,548
Cash at bank and in hand		<u>-</u>	<u>968,000</u>
		9,148,210	3,730,548
Payables: amounts falling due within one year	19	<u>(6,399,345)</u>	<u>(535,944)</u>
NET CURRENT ASSETS		<u>2,748,865</u>	<u>3,194,604</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>32,650,030</u>	<u>33,905,951</u>
Payables: amounts falling due after more than one year	20	-	40,317,143
Equity			
Called up Share capital	21	1,513,050	1,512,585
Share premium account	24	408,312	408,312
Capital contribution reserve	22	51,071,793	7,088,927
Accumulated loss	24	<u>(20,343,125)</u>	<u>(15,421,016)</u>
		32,650,030	(6,411,192)
		<u>32,650,030</u>	<u>33,905,951</u>

As permitted by Section 408 of the Companies Act 2006, Kalixa Payments Group Limited has not presented its own statement of comprehensive income. The result dealt with in the accounts of the company amounted to a loss of £9,977,109 (2015: £12,815,906). During the year an intra-group dividend of £5,055,000 (2015: £nil) was received.

The notes on pages 15 to 28 form part of these financial statements

The financial statements were approved and authorised for issue by the board on 29.9.17 and signed on its behalf by:


K Hedini
Director

KALIXA PAYMENTS GROUP LIMITED
REGISTERED NUMBER: 06580786
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2016

	Share Capital	Capital Contribution reserve	Share Premium	Stock option reserve	Available for Sale	Accumulated Loss (Restated)	Total
	£	£	£	£	£	£	£
01 January 2016	1,512,585	7,088,927	408,312	517,097	6,370,589	(16,895,061)	(997,551)
Special resolution for reissue of share capital	465	-	-	-	-	-	465
Loss for the year	-	-	-	-	-	(3,785,355)	(3,785,355)
Transfer to retained earnings	-	-	-	(517,097)	-	517,097	-
Other comprehensive income	-	-	-	-	(4,802,100)	-	(4,802,100)
Capital contribution	-	43,982,866	-	-	-	-	43,982,866
Currency reserve	-	-	-	-	-	393,191	393,191
31 December 2016	1,513,050	51,071,793	408,312	-	1,568,489	(19,770,128)	34,791,516
01 January 2015	1,512,585	-	408,312	-	-	(6,606,063)	(4,685,166)
Prior year adjustment	-	-	-	-	-	215,373	215,373
Comprehensive Income for the year	-	-	-	-	6,370,589	-	6,370,589
Loss for the year	-	-	-	-	-	(8,602,256)	(8,602,256)
Capital contribution	-	7,088,927	-	-	-	-	7,088,927
Share based payment credit	-	-	-	517,097	-	-	517,097
Dividends	-	-	-	-	-	(1,987,340)	(1,987,340)
Currency reserve	-	-	-	-	-	85,225	85,225
31 December 2015	1,512,585	7,088,927	408,312	517,097	6,370,589	(16,895,061)	(997,551)

KALIXA PAYMENTS GROUP LIMITED
REGISTERED NUMBER: 06580786
COMPANY STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2016

	Share Capital	Capital Contribution reserve	Share Premium	Accumulated Loss	Total
	£	£	£	£	£
01 January 2016	1,512,585	7,088,927	408,312	(15,421,016)	(6,411,192)
Loss for the year	-	-	-	(9,977,109)	(9,977,109)
Special resolution for reissue of share capital	465	-	-	-	465
Capital contribution	-	43,982,866	-	-	43,982,866
Dividends	-	-	-	5,055,000	5,055,000
31 December 2016	1,513,050	51,071,793	408,312	(20,343,125)	32,650,030
01 January 2015	1,512,585	-	408,312	(2,605,110)	(684,213)
Loss for the year	-	-	-	(12,815,906)	(12,815,906)
Capital contribution	-	7,088,927	-	-	7,088,927
31 December 2015	1,512,585	7,088,927	408,312	(15,421,016)	(6,411,192)

KALIXA PAYMENTS GROUP LIMITED
REGISTERED NUMBER: 06580786
CONSOLIDATED STATEMENT OF CASHFLOWS
AS AT 31 DECEMBER 2016

	31 Dec 2016	31 Dec 2015 (Restated)
Loss for the year	(3,466,034)	(7,362,607)
Adjustments for:		
Depreciation	938,185	551,440
Amortisation	4,517,134	5,454,153
Impairment of intangibles		2,722,324
Gain on available for sale recycled from other comprehensive income	(4,854,791)	-
Prior year adjustment	-	215,373
Fair value adjustments on Available for sale asset	1,242,539	-
Release of deferred tax	(1,288,281)	-
Income tax expense	1,870,398	460,765
Interest paid	1,573,059	984,424
Operating cashflows before movements in working capital - continuing operations	532,210	3,025,872
Increase in trade and other receivables	(13,578,919)	(16,641,838)
Increase in trade and other payables	15,804,588	14,709,131
Decrease in inventories	7,056	799
Share based payments	-	462,829
Loss on joint venture	-	808,840
Cash generated from operations - continued operations	2,764,935	2,365,633
Tax Paid	(1,030,179)	-
Net cash inflow from operating activities - continued operations	1,734,755	2,365,633
Investing activities		
Purchase of tangible assets	(411,220)	(2,039,588)
Cash proceeds on sale of Visa shares	4,928,396	-
Cash proceeds on sale of Kalixa Pay Limited	1	-
Disposal tangible assets	5,318	-
Purchase of Subsidiaries	-	(26,149,662)
Purchases of Intellectual property rights	(492,378)	(789,847)
Investment in Joint venture	-	(671,006)
Net cash generated/(used) by investing activities - continued operations	4,030,117	(29,650,103)
Financing activities		
Capital contributions	43,982,866	7,088,927
Special resolution for reissue of share capital	465	-
Dividends paid	-	(1,987,340)
Loan from parent	-	39,332,719
Loan repayment	(41,890,202)	(5,910,819)
Net cash generated by financing activities - continued operations	2,093,129	38,523,487
Discontinued Operations:		
Operating cash flows	(9,299,316)	7,803,337
Net cash used/(generated) in discontinued operations	(9,299,316)	7,803,337
Net (decrease)/increase in cash and cash equivalents	(1,441,317)	19,042,353
Exchange differences	57,682	(150,593)
Cash and cash equivalents at beginning of the year	19,263,483	371,723
Cash and cash equivalents at end of the year	17,879,848	19,263,483

KALIXA PAYMENTS GROUP LIMITED
REGISTERED NUMBER: 06580786
COMPANY STATEMENT OF CASHFLOWS
AS AT 31 DECEMBER 2016

	31 Dec 2016	31 Dec 2015
Loss for the year	(9,977,109)	(12,815,906)
Adjustments for:		
Amortisation	446,506	626,147
Impairment of intangibles	-	9,192,574
Interest paid	1,573,059	984,424
Operating cashflows before movements in working capital	(7,957,544)	(2,012,761)
Increase in trade and other receivables	(6,385,662)	(1,046,359)
Increase in trade and other payables	5,863,401	107,320
 Loss on joint venture	 -	 808,840
Cash (utilised by)/generated from operations	(8,479,805)	(2,142,960)
Net cash outflow from operating activities	(8,479,805)	(2,142,960)
Investing activities		
Additions in Subsidiaries	(32,593)	(35,964)
Prior year adjustment in Subsidiaries	(120,123)	-
Disposal of Subsidiaries	1,036,015	-
Purchase of Subsidiaries	-	(36,012,674)
Purchases of Intellectual property rights	(487,323)	(713,232)
Investment in Joint venture	-	(671,006)
Net cash generated/(used) by investing activities	395,976	(37,432,876)
Financing activities		
Capital contributions	43,982,866	7,088,927
Dividends received	5,055,000	-
Special resolution for reissue of share capital	465	-
Loan from parent	-	39,332,719
Loan repayment	(41,890,202)	(5,910,819)
Net cash generated by financing activities	7,148,129	40,510,827
Net (decrease)/increase in cash and cash equivalents	(935,700)	934,991
Exchange differences	(32,300)	(13,714)
Cash and cash equivalents at beginning of the year	968,000	46,723
Cash and cash equivalents at end of the year	-	968,000

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, in previous years the company financial statements were prepared in accordance with UK accounting standards. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

1.2 Adoption of new and revised Standards and Interpretations

The following new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB), are effective for the first time in the current financial year and have been adopted by the Company and the Group with no effect on their consolidated financial statements:

- IFRS 11 (Amended) - Accounting for Acquisitions of interest in Joint Operations (effective for annual periods beginning on or after 1 January 2016)
- IAS16 & IAS38 (Amended) - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016)
- IFRS 10 & IFRS 12 (Amended) - Application of consolidation exception (effective for annual periods beginning on or after 1 January 2016)
- IAS 27 (Amended) - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016)
- IAS 1 (Amended) - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016)

The following relevant standards and interpretations were issued by the IASB or the IFRIC before the period end but are as yet not effective for the 31 December 2016 year end:

- IFRS 2 (Amended) - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018)
- IAS 12 (Amended) - Recognition of Deferred Tax Assets for Un-realised Losses (effective for annual period on or after 1 January 2017) *
- IAS 7 (Amended) - Cash flows disclosure initiative (effective for annual periods on or after 1 January 2017)
- IFRS 9 - Financial Instruments (effective date 1 January 2018)
- IFRS 15 - Revenue Recognition (effective date 1 January 2018)
- IFRS 16 - Leases (effective date 1 January 2019) *

The impact of these standards on the consolidated financial statements of the Group has not yet been fully assessed by the Board of Directors.

*Not yet endorsed by the EU

1.3 Critical accounting policies, estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Share based payments (note 28)
- Intangible assets and impairment of goodwill (note 13)
- Investments in subsidiaries and joint venture (note 15)
- Available for sale asset (note 16)

1.4 Going Concern

The Group has an accumulated loss of £19,770,128 (2015:£16,895,061) and incurred a net loss during the year ended 31 December 2016 of £3,785,355 (2015:£8,602,256). However the directors have considered that the accumulated loss position is not indicative of a going concern issue as the group has cash and cash equivalents of £17,879,848 (£2015: £19,263,483) and has a positive current assets position of £16,905,694 (2015:£17,480,282).

These accounts are prepared on a going concern basis. The Directors have prepared cash-flow forecasts for a period of 12 months from the date of approval of these financial statements which in the Directors' opinion are prepared based around prudent assumptions which clearly demonstrate that the Group is cash generative over this period.

The Directors' believe the Group has protection through a good spread of business over many clients with little dependency upon one, or a small number of clients. Similarly, the Group has over 70% of its business annually recurring and a significant number of clients remain on 12 months or longer contracts which they feel confident will be renewed and reinforce security to cash flow.

The Directors are therefore of the opinion that the Group has adequate resources to continue as a going concern for at least 12 months from date of approval of the accounts.

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1.5 Own Shares

The Bwin.party Group previously granted awards as a reward and retention incentive for employees, including the Executive Directors. The Group used the Black-Scholes option pricing model to value these options unless the Monte Carlo option pricing model was deemed more appropriate. An appropriate discount was applied to reflect the fact that dividends were not paid on options that were not vested or had not been exercised. Following the acquisition of Bwin.party by GVC on 1 February 2016, all shares options outstanding at the time automatically vested and were exercised into Bwin.party shares which were then sold by the employees or exchanged for GVC Holdings plc shares.

1.6 Turnover

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

Turnover derives from many different services within the group, with the main elements being:

- Services provided under software and support agreements, which comprise licence fees, set up fees, engineering consultancy fees, sale of hardware, support and maintenance charges for the term of the agreement.
- Fees from hosting, support and maintenance agreements, which are invoiced in advance of the services provided and an adjustment is made at each month end to account for the deferred income element. The revenue is recognised in the month or year in which the process or service took place.
- Payment gateway services, which offer the merchant a technical connection to many payment providers via the technical payment platform. This service may be charged on a fixed fee or per transaction with the revenue recognised as the service is provided and invoiced accordingly.
- Aggregation services, which offers the merchant a turnkey payment processing solution where technical and commercial relationships are handled by the Company including a full cash management service. The revenue is recognised once the transaction has settled.
- Merchant acquiring services, where customers are charged a fee on a transactional basis and revenue is recognised once the transaction has settled.

Non trading income comprises administration and travel costs reclaimed from customers.

1.7 Basis of consolidation

The financial statements consolidate the accounts of Kalixa Payments Group Limited and all of its subsidiary undertakings ('subsidiaries') made up to 31st December 2016. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

1.8 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. This is subject to annual impairment reviews, with any impairment being written off directly to the consolidated statement of comprehensive income.

Other Intangibles and Acquired Intangibles are made up of Intellectual property rights, which relate to patents, rights to inventions, copyright and related rights, moral rights, trademarks and service marks, trade names and domain names, rights in get-up, rights to sue for passing off or unfair competition, as well as rights in designs.

Development costs incurred internally or via a third party are capitalised when the cost can be clearly attributed to a project which is for Intellectual property and are amortised once the project is complete.

Amortisation is provided at the following rates:

Other Intangibles	-	20% straight line
Acquired Intangibles	-	Term of the contract (between 3 and 5 years)

1.9 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	20% straight line
Computer equipment	-	33% straight line
Software	-	33% straight line

1.10 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.11 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the income statement so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.12 Operating leases

Rentals under operating leases are charged to the income statement on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.13 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 not discounted.

1.14 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting 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 Statement of Comprehensive Income account.

1.15 Financial assets

Trade and other receivables

Trade and other receivables represent short term monetary assets which are recognised at amortised cost less impairment and other related provisions, which are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due. The amount of such a provision is the difference between the net carrying amount and the present value of the future expected cashflows associated with the impaired receivables. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income as a bad debt. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Available for sale assets

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the company's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value, other than those arising due to exchange rate fluctuations and interest calculated using the effective interest rate, recognised in other comprehensive income and accumulated in the available-for-sale reserve. Exchange differences on investments denominated in a foreign currency and interest calculated using the effective interest rate method are recognised in profit or loss.

Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve.

On sale, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

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1.16 Financial Liabilities

Trade and other payables

Trade and other payables are generated through the normal means of trading and are recognised at amortised cost. All suppliers' terms and credit periods are adhered to by the Company. Other payables show balances which are due to be paid on behalf of employee related creditors.

Other financial liabilities

Loans from the parent company are in relation to preference shares issued and are initially recognised at fair value and they incur annual interest of Euro libor plus 4%. The difference between the fair value of the loan on initial recognition and the amount of the proceeds is credited directly to equity as a capital contribution. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate amortisation which is included in finance costs in the statement of comprehensive income.

1.17 Prior period adjustment

During the year the company enhanced its revenue recognition policy to include accruals for transactions and associated fee costs that were being processed but had not yet been settled to the merchant. In accordance with accounting standard IAS 18 revenue recognition, the results for the 2015 financial year have therefore subsequently been restated to increase unearned revenue by £444,403 and increase other accruals by £175,187 with the additional tax effect being £53,843. The net effect on retained earnings is an increase of £215,373.

2. NET REVENUE

An analysis of net revenue by geographical location is given below:

	2016	2015
	£	£
		(Restated)
Sales – UK	4,313,017	2,333,468
Sales – Europe	20,564,911	13,938,952
Sales – Rest of world	1,636,194	1,469,457
	<u>26,514,122</u>	<u>17,741,877</u>

3. ADMINISTRATIVE EXPENSES

An analysis of administrative expenses is given below:

	2016	2015
	£	£
Staff Costs	5,803,474	5,461,752
Other Overheads	1,952,939	1,772,183
Outsourced Services	1,516,386	1,596,488
Webhosting And Technical Services	779,584	506,678
Depreciation	942,123	556,225
Amortisation	4,517,134	5,454,153
Management Fees	1,197,475	(434,649)
Transfer of profit on merger of two subsidiaries	-	(1,700,235)
Marketing And Sponsorship	137,878	260,735
Exchange Rate Losses/(Gains)	418,176	(470,227)
	<u>17,265,168</u>	<u>13,003,103</u>

4. OPERATING LOSS

The operating loss is stated after charging:

	2016	2015
	£	£
Amortisation - intangible fixed assets	4,517,134	5,454,153
Depreciation of tangible fixed assets	942,123	556,225
Impairment losses	-	2,722,324
Loss on investment	801,023	3,199,854
Other operating leases	170,004	164,582
Exchange rate loss/(gain)	<u>418,176</u>	<u>(470,227)</u>

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5. DISCONTINUED OPERATIONS

Following a review of future business prospects, the Directors decided to discontinue the operations of Kalixa Pay Limited during the year. The Group subsequently sold Kalixa Pay Limited in 31st December 2016. The results from the discontinued operations are as follows:

	2016	2015
	£	£
Revenue	2,834,705	3,450,500
Cost of sales	(676,410)	(1,535,393)
Gross profit	<u>2,158,295</u>	<u>1,915,107</u>
Administrative expenses	(2,488,185)	(3,169,705)
Loss from operating activities	<u>(329,890)</u>	<u>(1,254,598)</u>
Interest payable and similar charges	10,569	14,949
Loss before tax	<u>(319,321)</u>	<u>(1,239,649)</u>
Tax on ordinary activities	-	-
Total comprehensive loss for the financial year	<u><u>(319,321)</u></u>	<u><u>(1,239,649)</u></u>

6. AUDITORS' REMUNERATION

	2016	2015
	£	£
Fees payable to the company's auditor for the audit of the Group's annual accounts	<u>156,500</u>	<u>150,750</u>

7. STAFF COSTS

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

	2016	2015
	£	£
Wages and Salaries	5,147,710	6,593,787
Social security costs	641,003	742,996
Staff pension	14,761	19,380
	<u>5,803,474</u>	<u>7,356,163</u>

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

	2016	2015
		(restated)
Sales & Marketing	17	10
Development	43	35
Operations	40	40
Finance	6	6
Legal & Compliance	6	4
	<u>112</u>	<u>95</u>

8. KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the company listed on page 1.

	2016	2015
	£	£
		(restated)
Wages and Salaries (including benefits in kind)	<u>850,437</u>	<u>601,786</u>

9. INTEREST PAYABLE

	2016	2015
	£	£
On other loans	1,579,391	1,023,329
On finance leases and hire purchase contracts	-	803
	<u>1,579,391</u>	<u>1,024,132</u>

10. LOSS ON INVESTMENT

	2016	2015
	Total	Total
	£	£
Investment in Kalixa Pay Limited	797,221	2,722,325
Investment in Servebase Limited	100	-
Investment in Joint Venture	109,652	477,529
Available for Sale Assets - realised loss	<u>(105,950)</u>	<u>-</u>
	<u>801,023</u>	<u>3,199,854</u>

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11. DEFERRED TAX	2016	2015
	Total	Total
	£	£
As at 1 January	1,625,850	74,965
Reclassified as held for sale	-	1,572,007
Prior year adjustment	(53,843)	(21,122)
At beginning of the year as restated	<u>1,572,007</u>	<u>1,625,850</u>
Release from deferred tax - Available for sale asset	(1,234,438)	-
Exchange movement	(24,097)	-
As at 31 December 2016	<u><u>313,472</u></u>	<u><u>1,625,850</u></u>

Deferred tax liabilities of £0.3m (2015: £1.6m) relates primarily to any associated gain from the sale of the Visa shares classified as available for sale asset (see note 16).

12. TAXATION	2016	2015
Analysis of tax charge in the year	£	£
Current Tax		
UK Corporation tax charge on losses in the year	2,095,694	417,102
Prior year difference	(172,292)	-
Foreign Corporation tax charge for the year	89,814	64,784
Foreign Corporation tax refund in the year	(88,975)	-
Corporation tax charge on profit for the year	<u>1,924,241</u>	<u>481,886</u>
Deferred tax	<u>(53,843)</u>	<u>(21,121)</u>
Tax charge for the year	<u><u>1,870,398</u></u>	<u><u>460,765</u></u>

The Group has an unrecognised UK deferred tax asset in relation to operating losses carried forward by the Group. The estimated deferred tax asset at the current tax rate is £1,550,201 (2015: £1,569,579). No deferred tax assets have been recognised by the Group due to the uncertainty around timing and the extent of future taxable profits available.

Factors affecting current tax charge for the year

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 20%. The differences are explained below:

	2016	2015
	£	£
		(Restated)
Loss on ordinary activities before tax	<u>(1,914,957)</u>	<u>(8,141,491)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	<u>(382,991)</u>	<u>(1,648,652)</u>
Effects of:		
Expenses not deductible for tax purposes	2,232,242	2,184,748
Capital allowances in excess of depreciation	80,441	(57,922)
Difference in tax rate for overseas subsidiaries	52,288	(2,100)
Other permanent differences	(226)	5,812
Tax due on share sale	1,006,869	-
Prior year timing difference	(172,292)	-
Prior year adjustment relating to foreign tax	(88,975)	-
Gain on available for sale investment recycled from other comprehensive income	(970,958)	-
Tax due on deferred consideration	114,000	-
Current tax charge for the year	<u><u>1,870,398</u></u>	<u><u>481,886</u></u>

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13. INTANGIBLE ASSETS

Group	Acquired intangibles £	Other intangibles £	Goodwill £	Total £
Cost				
At 31 December 2015	22,001,512	789,847	9,650,260	32,441,619
Additions internally developed	-	415,481	-	415,481
Additions externally developed	-	76,897	-	76,897
Disposals	(2,687,323)	-	(856,127)	(3,543,450)
At 31 December 2016	19,314,189	1,282,225	8,794,133	29,390,547
Amortisation and impairment				
At 31 December 2015	8,970,657	52,711	3,227,498	12,250,866
Amortisation charge for the year	4,254,623	262,511	-	4,517,134
Disposals	(2,687,323)	-	(856,127)	(3,543,450)
At 31 December 2016	10,537,957	315,222	2,371,371	13,224,550
Netbook Value				
At 31 December 2016	8,776,232	967,003	6,422,762	16,165,997
At 31 December 2015	13,030,855	737,136	6,422,762	20,190,753

Company	Acquired intangibles £	Other intangibles £	Total £
Cost			
At 31 December 2015	3,130,739	713,232	3,843,971
Additions internally developed	-	76,897	76,897
Additions externally developed	-	410,426	410,426
At 31 December 2016	3,130,739	1,200,555	4,331,294
Amortisation and impairment			
At 31 December 2015	2,921,978	-	2,921,978
Amortisation charge for the year	208,761	237,745	446,506
At 31 December 2016	3,130,739	237,745	3,368,484
Netbook Value			
At 31 December 2016	-	962,810	962,810
At 31 December 2015	208,761	713,232	921,993

Acquired intangible assets are those intangible assets purchased as part of an acquisition and primarily include customer lists, brands and software. The fair value of acquired intangibles is based on cashflow projections at the time of acquisition.

Other intangibles primarily include development and intellectual property rights. Development expenditure represents software infrastructure assets that have been developed and generated internally. Other intangibles are being amortised over their estimated useful economic lives of five years.

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets. A detailed review was undertaken at 31 December 2016 to assess whether the carrying value of assets was supported by the net present value of future cashflows derived from those assets using cashflow projections for a five-year period at the wider Groups discount rate of 7.6%. A growth rate of 5% has been forecast for the next 2 years with a 2% growth thereafter. The review concluded that no impairment was required for the year.

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14. TANGIBLE ASSETS

Group	Fixtures & Fittings £	Computer Equipment £	Software £	Total £
Cost				
At 31 December 2015	229,425	2,798,961	218,955	3,247,341
FX movement on brought forward balances	2,841	178,004	36,361	217,206
Additions	-	411,220	-	411,220
Assets retired	(117,936)	(720,524)	(23,663)	(862,123)
Disposals	-	(14,765)	(1,880)	(16,645)
At 31 December 2016	114,330	2,652,896	229,773	2,996,999
Depreciation				
At 31 December 2015	176,930	1,354,417	67,437	1,598,784
FX movement on brought forward balances	2,605	102,524	27,677	132,806
Charge for year	15,461	848,914	77,748	942,123
Assets retired	(117,936)	(720,524)	(23,663)	(862,123)
Disposals	-	(9,447)	(1,880)	(11,327)
At 31 December 2016	77,060	1,575,884	147,319	1,800,263
Netbook Value				
At 31 December 2016	37,270	1,077,012	82,454	1,196,736
At 31 December 2015	52,495	1,444,544	151,518	1,648,557

15. INVESTMENTS

Company	Investments in subsidiary companies £	Other investments and loans £	Total £
Cost or valuation			
At 31 December 2015	28,831,552	957,802	29,789,354
Prior year adjustment	-	120,123	120,123
Additions	-	32,593	32,593
Disposal	(1,036,015)	-	(1,036,015)
FX Movement	6,608	25,692	32,300
At 31 December 2016	27,802,145	1,136,210	28,938,355
Netbook Value			
At 31 December 2016	27,802,145	1,136,210	28,938,355
At 31 December 2015	28,831,552	957,802	29,789,354

Details of the principal subsidiaries can be found under Note 31.

Investments in Subsidiaries: During the year the company disposed of two of its subsidiaries, Kalixa Pay Limited and Servebase Limited.

As at 31st December 2016, included within other investments and loans are loans to subsidiaries: PXP Solutions PTY Limited, £804,740 (2015 - £760,421), to PXP Solutions Inc £297,339 (2015 - £288,063) and to Kalixa Services Limited £34,131 (2015 - £29,441). These loans are repayable on 1 April 2025 and are measured at fair value.

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16. AVAILABLE FOR SALE INVESTMENT

	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	£	£	£	£
At 1 January 2016	8,007,244	-	-	-
Reclassified as held for sale:				
Fair value adjustment 31 March 2016	(2,099,139)	-	-	-
Cash - Received 21 June 2016	(4,928,396)	4,416,277	-	-
Stock - fair value adjustment	856,600	3,296,548	-	-
Reclassify to deferred consideration	(509,614)	294,419	-	-
Exchange movement	540,770	-	-	-
At 31 December 2016	1,867,465	8,007,244	-	-

The Group has classified its investment in Visa Europe Limited as held for sale. This investment was previously carried as an available for sale investment and has been reclassified to assets held for sale at its fair value of £8m following the announcement in 2015 that this asset will be acquired by Visa Inc as part of its acquisition of Visa Europe Limited.

Following an announcement from Visa Inc in March 2016 the carrying value of the available for sale investment was increased to €8.4m.

The sale of Visa Europe Limited was completed on 21st June 2016 and the Group received cash proceeds of £5,034,346. The Group also received 4,650 Series B convertible participating shares in Visa Inc and a deferred cash payment of £509,614 which is expected to be paid in 2019.

The Kalixa Payments Group regularly monitors the carrying value of its assets held for sale and on 1st December 2016 an independent valuation was carried out on the Visa Inc shares to assess whether the carrying value of assets was supported by the net present value of future cashflows derived from those assets.

The valuation was based on the closing price of Visa A Shares to which a discount of 35% has been applied for uncertainty and a discount of 30% for unmarketability have been applied to reflect the uncertainty surrounding any Visa Europe territory covered litigation and the unmarketability of the Series B Preferred Shares.

Following this assessment it was therefore decided by the company to pass a fair value adjustment to the profit and loss account to record the shares at their fair value.

17. DEFERRED CONSIDERATION

	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	£	£	£	£
At 1 January 2016	-	-	-	-
Discounted deferred consideration	509,614	-	-	-
Unwinding of discount	13,475	-	-	-
	523,089	-	-	-

As part of the Visa Europe Limited share sale (see note 16) the Company was informed that a deferred cash payment of £573k is expected to be paid in 2019. A discount rate of 4% has been applied to calculate the deferred consideration of £510k. The discount is being unwound through the income statement on a monthly basis.

18. RECEIVABLES

	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	£	£	£	£
		(Restated)		
Trade receivables	835,442	1,767,839	-	556,661
Other receivables	2,441,519	1,760,274	-	-
Amounts owed by group undertakings and undertakings in which the group has a participating interest	2,695,200	1,442,681	9,148,210	2,205,887
Payment service providers	25,436,175	14,478,515	-	-
	31,408,336	19,449,309	9,148,210	2,762,548

The carrying value of receivables approximates fair value.

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19. PAYABLES

Amounts falling due within one year

	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	£	£	£	£
		(Restated)		
Amounts owed to group undertakings	16,434,322	9,976,333	6,049,082	494,794
Trade payables	355,818	343,700	-	5,400
Client money held	-	7,701,097	-	-
Social security and other taxes	356,506	221,380	-	35,750
Corporation Tax	1,316,039	421,977	-	-
Merchant payables	12,905,369	6,142,301	-	-
Other payables	2,120,870	1,621,392	-	-
Accruals and deferred income	447,559	1,303,129	350,263	-
	33,936,483	27,731,309	6,399,345	535,944

The carrying value of payables approximates fair value.

20. PAYABLES

Amounts falling due after more than one year

	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	£	£	£	£
Loans from parent	-	40,317,143	-	40,317,143

During the year a written resolution was passed in which previously held preference shares of €51,437,836 (£43,982,866) were cancelled and extinguished in full. As at 31 December 2015 the converted value of these shares was £40,317,143.

21. SHARE CAPITAL

Allotted, called up and fully paid

	31-Dec-16	31-Dec-15
	£	£
Ordinary shares of £1 each	1,513,050	1,512,585
	1,513,050	1,512,585

22. CAPITAL CONTRIBUTION RESERVE

	31-Dec-16	31-Dec-15
	£	£
At 31 December 2015	7,088,927	-
Capital contribution in the year	43,982,866	7,088,927
At 31 December 2016	51,071,793	7,088,927

During the year a written resolution was passed in which previously held preference shares of €51,437,836 (£43,982,866) were cancelled and extinguished in full with the value being a capital contribution into the Company.

23. AVAILABLE FOR SALE RESERVE

	31-Dec-16	31-Dec-15
	£	£
As at 31 January	6,370,589	-
Classification to available for sale reserve	-	6,370,589
Cash received	(3,942,717)	-
Deferred consideration	407,691	-
Exchange movements	(273,043)	-
Fair value adjustment	(994,031)	-
At 31 December	1,568,489	6,370,589

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24. RESERVES

	Share Premium account	Accumulated Loss
Group	£	£
At 31 December 2015	408,312	(17,110,434)
Prior year adjustment		215,373
At 31 December 2015 as restated		(16,895,061)
Loss for the year	-	(3,785,355)
Stock option reserve transferred to retained earnings	-	517,097
Currency translation difference on consolidation	-	393,191
At 31 December 2016	<u>408,312</u>	<u>(19,770,128)</u>

As a result of the GVC acquisition of Bwin.party plc on 1st February 2016 all share options vested and exercised and in alignment with IAS 12 the share option reserve was transferred to retained earnings.

Company

	Share Premium account	Accumulated Loss
Group	£	£
At 31 December 2015	408,312	(15,421,016)
Loss for the year	-	(9,977,109)
Dividends	-	5,055,000
At 31 December 2016	<u>408,312</u>	<u>(20,343,125)</u>

25. SHAREHOLDERS' FUNDS

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income statement.

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Available for sale reserve	Group investment in entities not qualifying as subsidiary
Own shares	Shares issued to staff as part of the group share scheme
Capital contribution reserve	Funds transferred over by parent company as a capital injection
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere
Currency translation	Gains arising on the retranslation of the net assets of an overseas subsidiary

26. FINANCIAL INSTRUMENTS

	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	£	£	£	£
Financial assets measured at amortised cost				
Trade and other receivables	28,713,136	18,006,628	-	556,661
Cash and cash equivalent	17,879,848	19,263,483	-	968,000
Amounts owed by group undertakings	2,695,200	1,442,681	9,148,210	2,205,887
	<u>49,288,184</u>	<u>38,712,792</u>	<u>9,148,210</u>	<u>3,730,548</u>
	31-Dec-16	31-Dec-15		
	£	£		
Financial liabilities measured at amortised cost				
Trade and other payables	15,829,616	17,111,619	-	5,400
Amounts owed to group undertakings	16,434,322	9,976,333	6,049,082	494,794
	<u>32,263,938</u>	<u>27,087,952</u>	<u>6,049,082</u>	<u>500,194</u>

Trade and other receivables are largely made up of amounts owed by payment service providers, trade receivables and security deposits.

Trade and other payables are largely made up of trade and merchant payables.