

Payen Limited

Annual report and financial statements

for the year ended 31 March 2021

Registered number: 07427913



Company Information

Directors	A MacAngus R Raubitschek-Smith Magenta Partners LLP
Registered number	07427913
Registered office	130 Wood Street London EC2V 6DL
Independent auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	NatWest Bank plc 151 High Street Guildford GU1 3AH

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Directors' report

for the year ended 31 March 2021

The directors present their report and the Group strategic report and the consolidated financial statements of Payen Limited ('the company') and its subsidiaries (together 'the group') for the year ended 31 March 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report, the Group strategic report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £274,897 (2020 - profit £536,253).

The directors proposed and paid a total dividend of £2,307,000 for the year ended 31 March 2021 (2020 - £394,379).

Directors

The directors who served during the year and to the date of approval of these financial statements were:

A MacAngus
R Raubitschek-Smith
Magenta Partners LLP

Engagement with employees

Payen Limited's continued success is predicated on the skills and commitment of our workforce. As a small team, we engage with every member of the company personally to ensure that we are fostering an environment that they are happy to work in and that best supports their well-being and our success as a company. We continued to work from home during the year due to the COVID-19 pandemic and have upheld regular virtual bi-lateral and group meetings.

Directors' report (continued)

for the year ended 31 March 2021

Engagement with suppliers, customers and others

Strong relationships with our partners and suppliers are key to delivering high quality service to our customers. We work collaboratively to maintain existing relationships and foster new ones.

We strive to deliver a quality personalised service to our clients, providing cross departmental support both directly between teams and via our service desk.

Impact on the environment

There is no negative impact on the environment from the group's activities.

Strategic report

The company has chosen in accordance with s.414C(11) Companies Act 2006 to set out in the Group's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the Directors' report. It has done so in respect of future developments, research & development activities and financial instruments.

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 the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the 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 and the group's auditor is aware of that information.

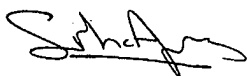
Impact of COVID-19

The company and group have sufficient liquid resources to continue as a going concern for the foreseeable future and the directors believe the company and group will be able to meet their liabilities as they fall due for a least twelve months from the date of approval of these financial statements.

The directors have considered the impact of the current COVID-19 pandemic on the company's and group's operations, with a particular focus on its effect on its suppliers, members, clients, and employees.

The company and group have adapted well, successfully employing contingency plans, and we consider that the company and group have sufficient financial resources to continue for the foreseeable future, despite the impact of the pandemic. The directors do not consider this to be a material uncertainty in respect of the company's or group's ability to continue as a going concern.

This report was approved by the board on 22 December 2021 and signed on its behalf by:



A MacAngus
Director

Group strategic report

for the year ended 31 March 2021

The directors present their Group strategic report for the year ended 31 March 2021.

Principal activity

The principal activity of the group and company for the year was the continual development of the payment platform and the provision of payment services. Whilst continuing to grow the core card processing platform, we also expanded the FX and treasury services on offer to our clients.

Business review and future developments including principal risks and uncertainties

Financial year ended Mar-21 saw a 40% growth in the group's core card processing revenues, which combined with additional revenue generated from enhanced client treasury services resulted in the highest revenue year in the history of the group.

Activities for the year generated an increase of 19% (£0.9m) in gross profit verses prior year. Staff costs were reduced with the average number of employees during the year falling by 27% compared to the previous year as we re-focused on our core business activities.

Significant unrealised exchange losses (£2.2m) arose during the year due to the conversion of assets and liabilities held into our reporting currency (GBP). The Directors and management team recognise the risk of holding multi-currency assets and liabilities. Balances for the group are primarily in currencies other than the reporting currency (GBP) and relevant currency pairs are closely monitored. In addition, merchant charges are applied at the point of any treasury transactions, mitigating any potential losses. For the aforementioned reasons the realisation of such losses is not considered likely.

The group continues to ensure client funds are safeguarded at live daily rates where applicable.

The group's policy on liquidity risk is to ensure that sufficient cash is available to fund ongoing operations and meet our capital adequacy requirements, this is managed through careful cash flow planning and control.

Financial key performance indicators ('KPIs')

KPI's including volumes and margins by merchant and processing type are reviewed by the board on a monthly basis as well as current opportunities and risks in relation to the business.

Group strategic report (continued)

for the year ended 31 March 2021

Directors' statement of compliance with duty to promote the success of the group

The Board of Directors consider that they have fulfilled their individual and collective duty under section 172(1) of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole and in doing so, have regard to a number of broader matters which are detailed below.

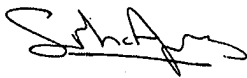
The Board of Directors of Payen Limited strives for high standards of business conduct and considers the long-term implication of all business decisions.

Payen Limited's Board meets on a regular basis to review and discuss key factors influencing the business and the impacts these have on the current and future state of Payen Limited, including its regulatory obligations, its financial position, its staff and its customers and suppliers.

Each Board meeting covers a review of KPIs, partner and client relationships, current and pipeline products as well as a technical update. A review of current risks is also undertaken both at board level and by our Risk Committee comprised of department heads and regulatory and compliance specialists.

Engagement with employees, suppliers and customers is also recognised as key to our operations and success as an organisation as set out in the directors' report.

This report was approved by the board on 22 December 2021 and signed on its behalf by:



A MacAngus
Director

Independent auditor's report to the members of Payen Limited for the year ended 31 March 2021

Opinion

We have audited the financial statements of Payen Limited ('the parent company') and its subsidiaries ('the group') for the year ended 31 March 2021, which comprise the Consolidated statement of comprehensive income, the Consolidated and Company statements of financial position, the Consolidated and Company statement of changes in equity, the Consolidated statement of cash flows and the related notes, including a summary of 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 group's and of the parent company's affairs as at 31 March 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 group's or the parent 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's report thereon. 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.

Independent auditor's report to the members of Payen Limited (continued) for the year ended 31 March 2021

Other information (continued)

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report and the Group strategic 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Payen Limited (continued) for the year ended 31 March 2021

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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations, including knowledge specific to auditing e-money issuers;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the company and group through discussions with directors and other management at the planning stage, and from our knowledge and experience of auditing e-money issuers;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations; we considered the impact of COVID-19 on the company and group and its internal controls;
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company and group including the Companies Act 2006, employment legislation, e-money regulations and taxation legislation; and
- we considered the impact of Brexit on the company and group and the laws and regulations above.

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of management;
- inspecting legal expenditure and correspondence throughout the year for any potential litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- determined the susceptibility of the company to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process, taking into account the impact of COVID-19 on controls during the year;
- reviewed journal entries throughout the year to identify unusual transactions;
- performed analytical procedures to identify any large, unusual or unexpected transactions and investigated any large variances from the prior year;
- reviewed accounting estimates and evaluated where judgements or decisions made by management indicated bias on the part of the company and group's management;
- tested the completeness of revenue by obtaining supporting documentation for a sample of each of the various revenue streams and investigated any material variances to expectations; and
- carried out substantive testing to check the occurrence and cut-off of expenditure.

Independent auditor's report to the members of Payen Limited (continued) for the year ended 31 March 2021

Auditor's responsibilities for the audit of the financial statements (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error as they may involve deliberate concealment or collusion. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.



Peter Chapman (Senior statutory auditor)
for and on behalf of
Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

22 December 2021

Consolidated statement of comprehensive income
for the year ended 31 March 2021

	Note	2021 £	2020 £
Turnover	4	14,775,423	10,581,704
Cost of sales		(9,203,597)	(6,030,535)
Gross profit		5,571,826	4,551,169
Administrative expenses		(3,543,822)	(4,036,603)
Exchange differences		(2,387,456)	(91,548)
Operating (loss)/profit	5	(359,452)	423,018
Interest receivable and similar income	9	526	289
Interest payable and expenses	11	-	(91)
(Loss)/profit before taxation		(358,926)	423,216
Tax on (loss)/profit	12	84,029	113,037
(Loss)/profit for the financial year		(274,897)	536,253
Total comprehensive income for the year		(274,897)	536,253
(Loss)/profit for the year attributable to:			
Owners of the parent company		(274,897)	536,253
		(274,897)	536,253
Total comprehensive income for the year attributable to:			
Owners of the parent company		(274,897)	536,253
		(274,897)	536,253

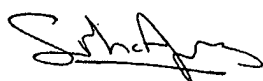
The notes on pages 15 to 32 form part of these financial statements.

Consolidated statement of financial position

as at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	3,369,760	3,417,033
Tangible assets	15	128,980	342,810
		<u>3,498,740</u>	<u>3,759,843</u>
Current assets			
Debtors	17	9,334,367	12,647,202
Cash at bank and in hand	18	30,067,845	19,806,411
		<u>39,402,212</u>	<u>32,453,613</u>
Creditors: amounts falling due within one year	19	(38,265,220)	(29,098,851)
Net current assets		<u>1,136,992</u>	<u>3,354,762</u>
Total assets less current liabilities		<u>4,635,732</u>	<u>7,114,605</u>
Provisions for liabilities			
Deferred taxation	20	(122,241)	(26,232)
		<u>(122,241)</u>	<u>(26,232)</u>
Net assets		<u>4,513,491</u>	<u>7,088,373</u>
Capital and reserves			
Called up share capital	21	130	130
Share premium account	22	2,058,214	2,051,199
Profit and loss account	22	2,455,147	5,037,044
Equity attributable to owners of the parent company		<u>4,513,491</u>	<u>7,088,373</u>
		<u>4,513,491</u>	<u>7,088,373</u>

The financial statements were approved and authorised for issue by the board on 22 December 2021 and were signed on its behalf by:



A MacAngus
Director

The notes on pages 15 to 32 form part of these financial statements.

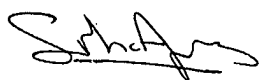
Company statement of financial position

as at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	3,369,760	3,417,033
Tangible assets	15	128,980	342,810
Investments	16	2,916	3,114
		<u>3,501,656</u>	<u>3,762,957</u>
Current assets			
Debtors	17	895,967	1,165,716
Cash at bank and in hand	18	28,722,129	17,127,962
		<u>29,618,096</u>	<u>18,293,678</u>
Creditors: amounts falling due within one year	19	(29,853,438)	(15,994,200)
Net current (liabilities)/assets		<u>(235,342)</u>	<u>2,299,478</u>
Total assets less current liabilities		<u>3,266,314</u>	<u>6,062,435</u>
Provisions for liabilities			
Deferred taxation	20	(122,241)	(26,232)
		<u>(122,241)</u>	<u>(26,232)</u>
Net assets		<u>3,144,073</u>	<u>6,036,203</u>
Capital and reserves			
Called up share capital	21	130	130
Share premium account	22	2,058,214	2,051,199
Profit and loss account brought forward		3,984,874	4,089,989
Loss/(profit) for the year		(592,145)	289,264
Dividends paid		(2,307,000)	(394,379)
		<u>1,085,729</u>	<u>3,984,874</u>
Profit and loss account carried forward		<u>3,144,073</u>	<u>6,036,203</u>

The financial statements were approved and authorised for issue by the board on 22 December 2021 and were signed on its behalf by:

A MacAngus
Director



The notes on pages 15 to 32 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 March 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2020	130	2,051,199	5,037,044	7,088,373
Loss for the year	-	-	(274,897)	(274,897)
Dividends: Equity capital	-	-	(2,307,000)	(2,307,000)
Shares issued during the year	-	7,015	-	7,015
At 31 March 2021	130	2,058,214	2,455,147	4,513,491

Consolidated statement of changes in equity

for the year ended 31 March 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2019	130	2,051,199	4,895,170	6,946,499
Profit for the year	-	-	536,253	536,253
Dividends: Equity capital	-	-	(394,379)	(394,379)
At 31 March 2020	130	2,051,199	5,037,044	7,088,373

The notes on pages 15 to 32 form part of these financial statements.

Company statement of changes in equity

for the year ended 31 March 2021

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2020	130	2,051,199	3,984,874	6,036,203
Loss for the year	-	-	(592,145)	(592,145)
Contributions by and distributions to owners				
Dividends: Equity capital	-	-	(2,307,000)	(2,307,000)
Shares issued during the year	-	7,015	-	7,015
At 31 March 2021	130	2,058,214	1,085,729	3,144,073

Company statement of changes in equity

for the year ended 31 March 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2019	130	2,051,199	4,089,989	6,141,318
Profit for the year	-	-	289,264	289,264
Dividends: Equity capital	-	-	(394,379)	(394,379)
At 31 March 2020	130	2,051,199	3,984,874	6,036,203

The notes on pages 15 to 32 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2021

	2021 £	2020 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(274,897)	536,253
Adjustments for:		
Amortisation of intangible assets	527,274	461,440
Depreciation of tangible assets	217,199	216,746
Interest paid	-	91
Interest received	(526)	(289)
Taxation (credit)/charge	(84,029)	(113,036)
Decrease/(increase) in debtors	3,492,873	(5,081,791)
Increase in creditors	9,166,369	17,331,017
Corporation tax received/(paid)	-	(379,493)
Net cash generated from operating activities	13,044,263	12,970,938
Cash flows from investing activities		
Purchase of intangible fixed assets	(480,001)	(741,514)
Purchase of tangible fixed assets	(3,369)	(32,736)
Interest received	526	289
Net cash from investing activities	(482,844)	(773,961)
Cash flows from financing activities		
Issue of ordinary shares	7,015	-
Dividends paid	(2,307,000)	(394,379)
Interest paid	-	(91)
Net cash used in financing activities	(2,299,985)	(394,470)
Net increase in cash and cash equivalents	10,261,434	11,802,507
Cash and cash equivalents at beginning of year	19,806,411	8,003,904
Cash and cash equivalents at the end of year	30,067,845	19,806,411
Cash and cash equivalents at the end of year comprise:		
Own cash	1,861,473	3,043,695
Safeguarded cash	28,206,372	16,762,716
	30,067,845	19,806,411

Notes to the financial statements

for the year ended 31 March 2021

1. General information

Payen Limited is a private company limited by shares and was incorporated in England and Wales. Its company registration number is 07427913. The principal place of business is 22 & 24 Frederick Sanger Road, Surrey Research Park, Guildford, Surrey, GU2 7YD. The registered office is 130 Wood Street, London, EC2V 6DL.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the company's and group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The company and group have sufficient liquid resources to continue as a going concern for the foreseeable future and the directors believe the company and group will be able to meet their liabilities as they fall due for a least twelve months from the date of approval of these financial statements.

The directors have considered the impact of the current COVID-19 pandemic on the company's and group's operations, with a particular focus on its effect on its suppliers, members, clients, and employees.

The company and group have adapted well, successfully employing contingency plans, and we consider that the company and group have sufficient financial resources to continue for the foreseeable future, despite the impact of the pandemic. The directors do not consider this to be a material uncertainty in respect of the company's or group's ability to continue as a going concern.

Notes to the financial statements

for the year ended 31 March 2021

2. Accounting policies (continued)

2.4 Turnover

Turnover from transaction processing services includes merchant and end user fees as well as FX spread income (fees from inter-currency transactions) which are generated from online activities.

Turnover from transaction processing services is recognised at the time the customer transactions are fulfilled. Processing fees are calculated as a percentage of funds processed and/or as a charge per transaction.

Turnover from licensing software is recognised in full when the right to use the software is transferred to the customer.

Turnover from software support services is recognised over the term of the support contract on a straight line basis.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed 10 years.

Amortisation is provided on the following bases:

Patents	-	10% on cost
Website and software development costs	-	10% on cost

2.6 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to the financial statements

for the year ended 31 March 2021

2. Accounting policies (continued)

2.6 Tangible assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	20%	on cost
Office equipment	-	33%	on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

Notes to the financial statements

for the year ended 31 March 2021

2. Accounting policies (continued)

2.11 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the reporting date.

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements

for the year ended 31 March 2021

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The group's and company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'Other operating income'.

2.14 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Notes to the financial statements

for the year ended 31 March 2021

2. Accounting policies (continued)

2.16 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.17 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the group in independently administered funds.

2.18 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

Notes to the financial statements

for the year ended 31 March 2021

2. Accounting policies (continued)

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.21 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

2.22 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives as set out in 2.5 above.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.23 Safeguarding of Client Funds

As an FCA regulated Electronic Money Institution, Payen Limited (FRN 900043) has an obligation to safeguard its client funds as well as those in relation to its registered agent, Ilixium Limited (FRN 900202). Since the obligation to safeguard sits within the institution (and not the agent), all relevant client funds are safeguarded within Payen Limited.

In accordance with the above, Cash at bank and in hand consists of client and own funds as detailed in Note 18 to the financial statements. Client cash is represented by trade creditors - being amounts owed to merchants, less merchant acquirers (debtors) - being funds not yet received from acquirers.

Notes to the financial statements

for the year ended 31 March 2021

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for turnover and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements have had the most significant effect on amounts recognised in the financial statements: the useful lives of intangible and tangible assets and their capitalisation, including amortisation and depreciation rates, the valuation of share based payments, the valuation of accruals and the estimation of the research and development expenditure capitalised during the year. Amounts receivable from administrators are recognised to the extent that they are judged recoverable.

4. Turnover

The whole of the turnover is attributable to fees earned from providing payment processing services during the year.

All turnover arose within the United Kingdom.

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2021 £	2020 £
Exchange differences	2,387,456	91,548
Other operating lease rentals	84,583	178,475

6. Auditor's remuneration

	2021 £	2020 £
Fees payable to the group's auditor and its associates for the audit of the group's annual accounts	12,000	12,000
Fees payable to the group's auditor and its associates in respect of:		
The auditing of accounts of associates of the group pursuant to legislation	8,000	8,000
Taxation compliance services	4,500	4,500
All other non-audit services not included above	6,000	6,000

Notes to the financial statements

for the year ended 31 March 2021

7. Employees

Staff costs, including directors' remuneration during the year, were as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	1,276,008	1,625,042	1,276,008	1,625,042
Social security costs	151,532	170,693	151,532	170,693
Cost of defined contribution scheme	109,122	168,817	109,122	168,817
	1,536,662	1,964,552	1,536,662	1,964,552

Figures disclosed in table are net of capitalised R&D expenditure. The gross Wages and salaries figure for Group and company was £1,674,589 (2020: £2,278,870). The gross Social security costs figure for Group and company was £198,865 (2020: £258,834).

The average monthly number of employees, including the directors who were remunerated through payroll, during the year was as follows:

	2021 No.	2020 No.
Directors	1	3
Administration	5	5
Sales	1	2
Development	8	10
Special operation	2	2
Support	6	6
Commercial	-	1
	23	29

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	266,667	529,218
Compensation for loss of office	-	50,000
	266,667	579,218

The highest paid director received remuneration of £250,000 (2020 - £216,718).

Notes to the financial statements

for the year ended 31 March 2021

9. Interest receivable

	2021 £	2020 £
Other interest receivable	526	289
	<u>526</u>	<u>289</u>

10. Analysis of net debt

An analysis of changes in net debt has not been presented as all of the entity's cash flows relate to movements in cash, and the entity has no items to include in such an analysis other than the cash flows in the Statement of cash flows.

11. Interest payable

	2021 £	2020 £
Bank interest payable	-	91
	<u>-</u>	<u>91</u>

12. Taxation

	2021 £	2020 £
Corporation tax		
Adjustments in respect of previous periods	(180,038)	(90,913)
	<u>(180,038)</u>	<u>(90,913)</u>
Total current tax	<u>(180,038)</u>	<u>(90,913)</u>
Deferred tax		
Origination and reversal of timing differences	(59,090)	(27,801)
Effect of changed tax rate on opening balance	155,099	5,677
Total deferred tax	<u>96,009</u>	<u>(22,124)</u>
Taxation (credit) on profit on ordinary activities	<u>(84,029)</u>	<u>(113,037)</u>

Notes to the financial statements

for the year ended 31 March 2021

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2021 £	2020 £
(Loss)/profit on ordinary activities before tax	(358,926)	423,216
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(68,196)	80,411
Effects of:		
Fixed asset differences	88	82,352
Expenses not deductible for tax purposes	423	12,011
Other permanent differences	64	-
Adjustments to tax charge in respect of prior periods - deferred tax	155,099	5,677
Adjustments to brought forward values	(1,424)	-
Adjustments in respect of prior periods	(180,137)	(90,913)
Non-taxable income	-	(110,334)
Additional deduction for R&D expenditure	(120,812)	(183,154)
Losses carried back	130,866	90,913
Total tax charge/(credit) for the year	(84,029)	(113,037)

Factors that may affect future tax charges

At 31 March 2021, the group had a deferred tax liability of £122,241 (2020 - £26,232) and an unrecognised tax asset of £23,584 (2020 - £23,584). The unrecognised deferred tax asset relates to the subsidiary Trustpay Secure Limited. This has not been recognised due to uncertainty that this company will generate sufficient profits in the future to utilise this asset.

On 3 March 2021, the government announced its intention to increase the corporation tax rate from 1 April 2023. This rate will taper from 19% for businesses with profits of less than £50,000 to 25% for businesses with profits over £250,000. This was substantively enacted on 24 May 2021 as the Finance Bill 2021 passed the House of Commons.

The deferred taxes at the reporting date reflected in these financial statements have been measured at 19% being the substantively enacted tax rate that at the reporting date was expected to apply to the reversal of the timing differences.

Notes to the financial statements

for the year ended 31 March 2021

13. Dividends

	2021 £	2020 £
Ordinary dividends paid	<u>2,307,000</u>	<u>394,379</u>

14. Intangible assets

Group and Company

	Patents £	Website and software development costs £	Total £
Cost			
At 1 April 2020	285,000	4,494,254	4,779,254
Additions	-	480,001	480,001
At 31 March 2021	<u>285,000</u>	<u>4,974,255</u>	<u>5,259,255</u>
Amortisation			
At 1 April 2020	97,375	1,264,846	1,362,221
Charge for the year	28,500	498,774	527,274
At 31 March 2021	<u>125,875</u>	<u>1,763,620</u>	<u>1,889,495</u>
Net book value			
At 31 March 2021	<u>159,125</u>	<u>3,210,635</u>	<u>3,369,760</u>
At 31 March 2020	<u>187,625</u>	<u>3,229,408</u>	<u>3,417,033</u>

All of the Group's intangible fixed assets are held in the parent company.

Notes to the financial statements

for the year ended 31 March 2021

15. Tangible fixed assets

Group and Company

	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation			
At 1 April 2020	66,538	671,966	738,504
Additions	-	3,369	3,369
At 31 March 2021	66,538	675,335	741,873
Depreciation			
At 1 April 2020	29,578	366,116	395,694
Charge for the year	10,842	206,357	217,199
At 31 March 2021	40,420	572,473	612,893
Net book value			
At 31 March 2021	26,118	102,862	128,980
At 31 March 2020	36,960	305,850	342,810

Notes to the financial statements

for the year ended 31 March 2021

16. Fixed asset investments

Subsidiary undertakings

At 31 March 2021, the following were subsidiary undertakings of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Trustpay Secure UK Limited	130 Wood Street, London, EC2V 6DL	Dormant	Ordinary	100%
Pinpay Limited	130 Wood Street, London, EC2V 6DL	Dormant	Ordinary	100%
Pinpay Limited	28 John Olysbo Street, Ikeja, Lagos, Nigeria	Dormant	Ordinary	99.99%
Ilixium Limited	130 Wood Street, London, EC2V 6DL	Online payment services	N/A	0%
Ilixium Canada Limited	2600-1066 West Hastings Street, Vancouver, BC V6E 3X1, Canada	Dormant	Ordinary	100%

Ilixium Limited, which has been included in the group financial statements from 1 April 2015, is considered a subsidiary due to the control agreement signed by both parties which permits by law that, during the continuance of the agreement, powers of controls are held by Payen Limited.

17. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	140,000	40,000	-	-
E-money debtors	8,171,128	11,769,996	26,882	431,350
Other debtors	339,704	574,725	339,704	574,825
Prepayments and accrued income	412,584	171,568	258,430	68,628
Tax recoverable	270,951	90,913	270,951	90,913
	9,334,367	12,647,202	895,967	1,165,716

E-money debtors represent amounts processed on behalf of the merchant, but yet to be received from the acquirer.

Notes to the financial statements

for the year ended 31 March 2021

18. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	30,067,845	19,806,411	28,722,129	17,127,962
	30,067,845	19,806,411	28,722,129	17,127,962

Within the group cash at bank and in hand figure, an amount of £1,861,473 (2020 - £3,043,695) belonged to the entity.

Within the company cash at bank and in hand figure, an amount of £515,697 (2020 - £365,246) belonged to the entity.

19. Creditors: amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
E-money creditors	37,825,049	28,547,170	5,039,695	3,347,197
Trade creditors	324,457	384,147	243,592	367,001
Amounts owed to group undertakings	-	-	24,486,903	12,162,179
Other taxation and social security	58,542	47,500	58,542	45,964
Other creditors	939	16,185	939	16,185
Accruals and deferred income	56,233	103,849	23,767	55,674
	38,265,220	29,098,851	29,853,438	15,994,200

E-money creditors represent amounts processed on behalf of, but not yet settled to merchants.

20. Deferred taxation**Group**

	2021 £
At beginning of year	(26,232)
Charged to profit or loss	(96,009)
At end of year	(122,241)

Notes to the financial statements

for the year ended 31 March 2021

20. Deferred taxation (continued)

Company

	2021 £
At beginning of year	(26,232)
Charged to profit or loss	(96,009)
At end of year	(122,241)

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Fixed asset timing differences	(166,785)	(32,847)	(166,785)	(32,847)
Short term timing differences	8,138	6,615	8,138	6,615
Losses and other deductions	36,406	-	36,406	-
	(122,241)	(26,232)	(122,241)	(26,232)

21. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
9,207 (2020 -9,009) A shares of £0.001 each	9	9
38,907 (2020 -38,907) B shares of £0.001 each	39	39
66,469 (2020 -66,469) C shares of £0.001 each	66	66
16,031 (2020 -16,031) D shares of £0.001 each	16	16
	130	130

During the year, 198 Ordinary A shares were issued with a nominal value of £0.001 for a price of £35.43 per share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

Called-up share capital represents the nominal value of shares that have been issued.

Notes to the financial statements

for the year ended 31 March 2021

22. Reserves

Share premium account

The share premium account consists of amounts paid in excess of the value of the share capital.

Profit and loss account

The profit and loss account includes all current and prior period retained earnings.

23. Share based payments

During the prior year, certain employees were granted options in the equity of the company. Each employee is entitled to exercise the options 1 year 2 months after the date that the options were granted. If the options remain unexercised after 10 years from the date of grant, the options expire. The options are forfeited if the employee leaves the company before they become entitled to exercise the share options.

During the year ended 31 March 2021, 198 (2020: nil) share options were exercised and nil options were forfeited (2020: nil). A total of nil share options were outstanding at the end of the year (2020: 198), of which nil were exercisable at the end of the year (2020: nil).

During the year ended 31 March 2021, nil (2020: 198) shares options were granted.

24. Contingent liabilities

There were no contingent liabilities at 31 March 2021 or 31 March 2020.

25. Capital commitments

The group had no capital commitments at 31 March 2021 or 31 March 2020.

26. Commitments under operating leases

At 31 March 2021, the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Not later than 1 year	85,908	88,772	85,908	88,772
Later than 1 year and not later than 5 years	70,400	122,558	70,400	122,558
	<u>156,308</u>	<u>211,330</u>	<u>156,308</u>	<u>211,330</u>

Notes to the financial statements

for the year ended 31 March 2021

27. Related party transactions

During the year, the company provided services totalling £3,410,641 (2020: £3,282,540) to Ilixium Limited, a company incorporated in England and Wales. In order to meet the requirements of FCA regulation, funds received by Ilixium Limited in relation to payment services are safeguarded by the company. At 31 March 2021, the net balance owing to Ilixium Limited was £24,484,901 (2020: £12,160,065). Ilixium Limited is a related party by virtue of common control.

During the year, the company received services totalling £100,000 (2020: 100,000) from Magenta Partners LLP. At 31 March 2021, the balance owing to Magenta Partners LLP was £30,000 (2020: £nil). Magenta Partners LLP is a related party by virtue of significant influence.

At 31 March 2021, the balance owing from R Raubitschek-Smith (director) was £nil (2020: £126,522).

During the year, interest was charged on the outstanding loan at a rate of 3% and amounted to £521 (2020: £1,522). The maximum amount outstanding during the year was £127,043 (2020: £126,522).

There were no members of key management personnel other than directors during the year. Directors' remuneration is disclosed in note 8.

28. Controlling party

The directors consider A MacAngus to be the ultimate controlling party by virtue of his majority shareholding in the company.

The largest and smallest group of undertakings for which consolidated financial statements have been prepared which include the company is headed by Payen Limited.