InComm Digital Solutions International Limited

Strategic Report, Directors' Report and Financial Statements

Registered number 08340041

28 February 2018

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Strategic report

Executive summary

The principal activity of InComm Digital Solutions Ltd (the Company) is the distribution of prepaid gift cards in the United Kingdom in a digital environment.

The gift card programme is made up from the following components: retail host distribution, gift card issuers, and technology processing partners, with HI Technology Corp d/b/a (doing business as) InComm Holdings (Parent Company) the overall enabler. Prepaid gift cards are now available to purchase outside of the issuing retailer, so one retailer's gift card can now be purchased in another retailer's location. The Company has built its retail distribution network by executing contracts with many leading retailers.

Business review

The Company has a profit after tax of £64,332 (*2017:* £24,847). The Directors believe the long-term prospects of the Company are healthy given the growth and increasing acceptance within the digital consumer marketplace in the U.S., initial progress of revenue growth during the years ended 28 February 2018 and 2017 and the continued financial support by the Parent Company. Continued investment from the Parent company has funded the company's growth and will continue to fund investment for growth in the future.

The Directors consider the key performance indicators (KPIs) as follows:

	2018	2017
	£	£
Turnover	323,410	140,276
Gross Profit	96,638	60,531
Net Liabilities	(159,747)	(224,079)

- Revenue growth - Increase of 131% on prior year due to increased distribution channels and a wider product portfolio.
- Gross profit - Increase of 60% on prior year due to revenue growth and continued focus on expense management.
- Net Liabilities - Decrease of 29% due to continued focus on cash flow management.

The Directors are comfortable that each of the KPIs is improving in a manner that will allow the Company to fulfil its objectives.

Strategic report (continued)

Principal risks and uncertainties

The Company faces fierce competition in the UK markets as there are a number of companies chasing this digital environment. This has put pressure on margins due to the commercial aspects of what is required to win some of the available business; however, growth opportunities remain strong.

The Company relies heavily on its technical capability to drive gift card transactions from the point of sale to the processor and back to the point of sale where the gift card is activated. Any technical failure or system down time could affect our performance and result in lost business for all parties involved whilst not being able to complete the transaction for the consumer. The Company has the necessary processes and service level agreements in place to mitigate these risks.

The Company is continuing to evaluate the impact of Brexit. The impact of this event is being tracked by UK management and Group Management. The Company will continue to monitor the impact and adjust appropriately; however, at this time a material impact to the business is not expected.

Future developments

The Company's growth strategy is largely based on four key areas;

1) Continuing to build our distributions channels, including:
   - Expansion of retail partners
   - Expansion of online .com opportunities
   - Expansion of Business to Business channels
   - Expansion of other digital delivery channels such as kiosks, banking apps and telecoms apps

2) Increasing the number of product providers operating in our distribution network
   - Expand distribution of existing product partners into new distribution channels & countries
   - Launch existing product partners in a digital format to supply into new channels
   - Launching new products and services

3) Build consumer acceptance of the product and increase awareness of the product availability
   - Consumer focused marketing campaigns to drive awareness
   - Retail promotions (price off or added value)

4) Ensuring that we have the relevant technology in place to allow us to work with the right card issuing partners so we can continue to expand our core business, but also be well positioned to take advantage of new market opportunities.

S. Osgood
Director

1600 Parkway
Solent Business Park
Whiteley
Fareham
Hampshire
PO15 7AH
Date: 14 March 2019

Directors' report

The Directors submit their annual report, together with the financial statements and auditor's report of InComm Digital Solutions International Limited for the year ended 28 February 2018.

The Company's principal activities, business review and principal risks and uncertainties are contained in the Strategic Report on pages 1 to 2.

Proposed dividend

The Directors do not recommend the payment of a dividend (*2017: £Nil*).

Directors

The following Directors have held office during the year were as follows:

PC Graves
MB Smith
T Pope
F Monaco
S Osgood

Charitable donations and political contributions

During the year the Company made charitable donations of £Nil (*2017: £Nil*). There were no political contributions (*2017: £Nil*).

Employees

No staff are employed by the Company apart from the Directors. The Directors received no remuneration from the Company during the year and are paid by other Group undertakings. The Directors did not receive remuneration for their services to the Company as the services provided to the Company are incidental to their wider role in the Group.

Going concern

Notwithstanding net current liabilities of £159,747 as of 28 February 2018, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking into account of reasonably possible downsides, the Company will have sufficient funds, through operations, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's ultimate parent, InComm Holdings, not seeking repayment of the amounts currently due to the group, which at 28 February 2018 amounted to £720,814. InComm Holdings, has indicated it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 18 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Directors' report *(continued)*

Statement as to disclosure of information to the auditor

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

For and on behalf of the board

S. Osgood
Director

1600 Parkway
Solent Business Park
Whiteley
Fareham
Hampshire
PO15 7AH
Date: 14 March 2019

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

Independent auditor's report to the members of InComm Digital Solutions International Limited

Opinion

We have audited the financial statements of InComm Digital Solutions International Limited ("the Company") for the year ended 28 February 2018 which comprise the profit and loss account and other comprehensive income, balance sheet, statement of changes in equity, cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Directors, such as recoverability of debtors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Independent auditor's report to the members of InComm Digital Solutions International Limited (continued)

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The Directors are responsible for the strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of InComm Digital Solutions International Limited (continued)

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Terri Coughlan

Terri Coughlan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD
14 March 2019

Profit and Loss Account and Other Comprehensive Income
for the year ended 28 February 2018

	Notes	2018	2017
		£	£
Turnover	2	**323,410**	140,276
Cost of sales		**(226,772)**	(79,745)
Gross profit		**96,638**	60,531
Administrative expenses		**(32,306)**	(35,684)
Operating profit	3	**64,332**	24,847
Profit before taxation		**64,332**	24,847
Tax on profit	4	-	-
Profit for the financial year/total comprehensive income	8	**64,332**	24,847

The results stated above are all derived from continuing operations.

There are no other comprehensive income in either year other than the results shown above.

Balance Sheet

at 28 February 2018

	Note	2018		(Restated*) 2017	
		£	**£**	£	£
Current assets					
Stock		**379,250**		324,737	
Debtors	*5*	**60,239**		196,308	
Cash at bank and in hand		**794,467**		64,710	
		1,233,956		585,755	
Creditors: amounts falling due within one year	*6*	**(1,393,703)**		(809,834)	
Net liabilities			**(159,747)**		(224,079)
Capital and reserves					
Called up share capital	*7*		**1,000**		1,000
Profit and loss account	*8*		**(160,747)**		(225,079)
Shareholders' deficits			**(159,747)**		(224,079)

*refer to note 1.2

These financial statements were approved by the Board of Directors on 14 March 2019 and were signed on its behalf by: Simon Osgood.

S. Osgood
Director

Company registered number: 08340041

Statement of Changes in Equity
for the year ended 28 February 2018

	Called up share capital	Profit and loss Account	Total
	£	£	£
Balance at 1 March 2016	1,000	(249,926)	(248,926)
Total comprehensive income for the year			
Profit for the year	-	24,847	24,847
Balance at 28 February 2017	**1,000**	**(225,079)**	**(224,079)**
Balance at 1 March 2017	1,000	(225,079)	(224,079)
Total comprehensive income for the year			
Profit for the year	-	64,332	64,332
Balance at 28 February 2018	**1,000**	**(160,747)**	**(159,747)**

Cash Flow Statement
for the year ended 28 February 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit for the year		**64,332**	24,847
Adjustments to reconcile profit to cash flows from operating activities:			
Unrealized foreign exchange (gain)/loss	*3*	**(39,187)**	24,201
Other changes in operating assets and liabilities:			
Decrease/(increase) in trade and other debtors		**136,069**	(126,535)
Increase in stock		**(52,367)**	(196,848)
Increase in trade and other creditors		**622,591**	218,177
Net cash generated from/(used in) operating activities		**731,438**	(56,158)
Net increase/(decrease) in cash and cash equivalents		**731,438**	(56,158)
Cash and cash equivalents at 1 March		**64,710**	111,678
Effect of exchange rate fluctuations on cash held		**(1,681)**	9,190
Cash and cash equivalents at 28 February		**794,467**	64,710

Notes
(forming part of the financial statements)

1 Accounting policies

InComm Digital Solutions International Limited is a private company limited by shares and incorporated, registered and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The preparation of the financial statements requires management to make judgements, estimates, and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. The directors consider the critical judgements, estimates and assumptions for the year ended 28 February 2018 include asset useful economic life, accruals, provision for bad debt. Please refer to relevant accounting policy notes for more details.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Prior year adjustment

The following adjustment has been made to figures as previously stated at 28 February 2017.

(1) Other creditors as disclosed in the note 6, "Creditors: amounts falling due within one year," has been restated to disclose correct classification of customer deposits, which were repayable on demand, as falling due within one year. In the previous year published financial statements, these customer deposits were classified as falling due after more than one year. There is no impact on the net liabilities at 1 March 2016.

Balance sheet adjustments

	2017	Adjustments	Reference	Restated 2017
Creditors: Amounts falling due within one year	(696,748)	(113,086)	(1)	(809,834)

1.3 Qualifying entity and the equivalent disclosures

Prior to the year ended 28 February 2018, the Company disclosed that the Parent company's financial statements were prepared in accordance with International Financial Reporting Standards as adopted by the EU and that those statements are available to the public. As a result, the previously issued financial statements were prepared under the assumption that the Company was considered to be a qualifying entity (for the purposes of FRS 102) and qualified for exemptions available under this FRS in respect of certain disclosures. The appropriate disclosures for the following items have been included in these financial statements as the Company does not meet the requirements to be considered as a qualifying entity under FRS 102::

- Reconciliation of the number of shares outstanding from the beginning to end of the period (Note 7);
- Cash Flow Statement and related notes (page 12); and
- Disclosures relating to basic financial instruments (Note 11).

Notes

1 Accounting policies *(continued)*

1.4 Going concern

Notwithstanding net current liabilities of £159,747 as of 28 February 2018, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking into account of reasonably possible downsides, the Company will have sufficient funds, through operations, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the company's ultimate parent, InComm Holdings, not seeking repayment of the amounts currently due to the group, which at 28 February 2018 amounted to £720,814. InComm Holdings, has indicated it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 18 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.5 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency, Sterling, at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

1.6 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash at bank and in hand

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7 Stock

Stock represents Prepaid Products held for sale. Stock is stated at the lower cost of market or net realizable value and is reduced for obsolete or slow-moving products based upon management's review of outstanding stock, historical and projected sale activity and arrangements with retail partners.

Notes

1 Accounting policies *(continued)*

1.8 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes

1 Accounting policies *(continued)*

1.9 Turnover

Turnover represents commission earned based on the redemption value of prepaid gift cards after deduction of trade discounts and value added tax. The turnover, all of which arises in the United Kingdom, is attributable to this one activity. Turnover is recognised at the point of sale and activation of the gift card. The Company applies the following revenue recognition policy:

Point-of-Sale Activation

The Company recognizes revenue for sales of third-party closed-loop products upon the sale and delivery of the products at the point of sale to the individual consumer by a retail customer (collectively, "Prepaid Products"). Sales of Prepaid Products are typically of third-party brands where the Company is not the primary obligor of the related product or service, the Company has no significant continuing obligation with respect to services being rendered to the consumer subsequent to the sale and the Company does not have latitude in determining specifications of the products. The Company's revenue is typically calculated as a percentage of the face value of the product and is recognized net of commissions and other incentives provided to the retail customers.

1.10 Selling Expenses

Consideration Given By a Vendor to Retail Customer

Under certain agreements, the Company provides cash consideration to retail customers, including consideration for marketing and cooperative advertising programs. These payments are accounted for as Cost of sales over the contract term.

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciatión and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

2 Turnover

The Company's turnover, all of which arises in the United Kingdom, was derived from one activity being the buying and selling of prepaid gift cards.

3 Operating Profit

Included in profit on ordinary activities before taxation is stated are the following:

	2018	2017
	£	£
Legal costs	-	13
Unrealized Foreign Exchange (gain)/loss	**(39,187)**	24,201
Realized Foreign Exchange loss/(gain)	**10,260**	(994)
	(28,927)	23,220

Auditor's remuneration:

Audit of these financial statements	-	6,195
Other services relating to taxation	-	3,698

The auditor's remuneration for the year of £6,600 is borne by a fellow Group company. There are no fees payable to the Company's auditor for services other than the statutory audit of the Company.

No staff are employed by the Company apart from the Directors. The Directors received no remuneration from the Company during the period and are paid by other Group undertakings. The Directors did not receive remuneration for their services to the Company as the services provided to the Company are incidental to their wider role in the Group.

Notes *(continued)*

4 Taxation

Analysis of charge/(credit) in period	**2018** £	**2018** £	2017 £	2017 £
UK corporation tax	-			-
Current tax on profit for the year	-	-		-
	-		-	
Total current tax	-			
Deferred tax				
Origination/reversal of timing differences	-	-		-
	-		-	
Tax charge on profit on ordinary activities		-		-

Reconciliation of effective tax rate

	2018 £	2017 £
Profit on ordinary activities before tax	**64,332**	24,847
Tax using the UK corporation tax rate of 19.08% *(2017:20%)*	12,275	4,969
Depreciation in excess than capital allowances		-
Losses utilised	(12,275)	(4,969)
	-	-
Total current tax charge (see above)	-	-

The standard rate for UK corporation tax used in the year ended 28 February 2018 was 19.08% (2017: 20%).

A reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future tax charge accordingly.

The Company has additional unrecognised gross tax losses of £193,288 (2017: £241,316).

Notes *(continued)*

5 Debtors

	2018	2017
	£	£
Trade debtors	**47,114**	170,118
Prepayments and accrued income	**13,125**	26,190
	60,239	196,308

6 Creditors: amounts falling due within one year

	2018	2017
	£	£
		(Restated)
Trade creditors	**523,983**	126,306
Amount owed to group undertakings	**720,814**	524,730
Other creditors	**148,906**	157,636
Accruals and deferred income	-	1,162
	1,393,703	809,834

Amounts owed to group undertaking are interest free and repayable on demand.

7 Called up share capital

	2018	2017
	£	£
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	**1,000**	1,000

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.

Reconciliation of the number of shares outstanding from the beginning to end of the year:		
Shares at 1 March 2016		1000
Shares at 1 March 2017	1,000	
Issue of shares	-	-
Extinguishments	-	-
At 28 Feb	1,000	1,000

Notes *(continued)*

8 Profit and loss account

	2018	2017
	£	£
At the beginning of the year	**(225,079)**	(249,926)
Profit for the year	**64,332**	24,847
At the end of the year	**(160,747)**	(225,079)

9 Related party transactions

The Company has taken advantage of the exemption contained in FRS 102 section 33.1A and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the Group.

10 Contingencies

Borrowings of the ultimate parent company, InComm Holdings, are secured via a fixed and floating charge over the assets of the Company.

11 Financial instruments

	2018	2017
	£	£
Categorisation of financial instruments		
Financial assets that are debt instruments measured at amortised cost		
Trade debtors	**47,114**	170,118
Financial liabilities measured at amortised cost		
Trade creditors	**523,983**	126,306
Amounts owed to group undertakings	**720,814**	524,730
Other creditors	**148,906**	157,636
	1,393,703	808,672

Notes *(continued)*

12 Ultimate parent Company and parent Company of larger group

HI Technology Corp d/b/a (doing business as) InComm Holdings, a company incorporated in the United States of America, is the ultimate parent undertaking.

InComm Holdings, is the parent company of the largest and smallest group for which consolidated accounts are prepared which includes the results of InComm Digital Solutions International Limited. The parent company's registered offices are located at: 250 Williams Street, Suite. M-100 Atlanta, GA 30303, United States of America.

13 Ultimate controlling party

The Company's ultimate controlling party is M Brooks Smith Esq. The registered address for the ultimate controlling party is 250 Williams Street, Suite. M-100 Atlanta, GA 30303, United States of America.