

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2017
for
AF Payments Limited

SATURDAY



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AF Payments Limited

Contents of the Financial Statements
for the Year Ended 31 December 2017

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	4
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Cash Flow Statement	10
Notes to the Cash Flow Statement	11
Notes to the Financial Statements	12
Detailed Profit and Loss Account	15

AF Payments Limited

Company Information
for the Year Ended 31 December 2017

DIRECTORS:

R E Courtneidge
G E Khoury

REGISTERED OFFICE:

64 Knightsbridge
London
SW1 7JF

REGISTERED NUMBER:

09356276 (England and Wales)

AUDITORS:

Georgiou & Prasanna LLP
69 High Street
London
N14 6LD

AF Payments Limited

Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

REVIEW OF BUSINESS

2017 was another strategic year of establishing key partner relationships and simultaneously commencing business activity with the issuance of its first e-money product in GBP.

Comprehensive business updates have been provided directly to its shareholders by the Board and this review supplements the updates provided during the accounting period.

KEY PERFORMANCE INDICATORS (KPIs)

KPIs include:

- Ensuring the Company is prepared for its PSD2 licensing upgrade with the Financial Conduct Authority as an Authorised Electronic Money Institution
- Obtain and maintain all licenses and adhere to all regulations required for the company to operate and fulfil its future obligations
- Successfully establishing relationships with Payment Schemes and Payment networks.

FUTURE DEVELOPMENTS

The Company intends to continue to engage in the establishment of its principal activities and continue to explore opportunities for new customers.

RESULTS AND DIVIDENDS

The results of the Company for the year are set out on pages 5 to 7 and show a profit on ordinary activities after tax of £8,220 (2016: loss of £26,873). The shareholders' funds of the Company total £983,347 (2016: £975,127). No dividend payments are proposed.

PRINCIPAL RISKS AND UNCERTAINTIES

Key Business risks are categorised as follows:

- Compliance with FCA regulations: this is ongoing and is a direct result of maintaining an Authorised Electronic Money Institution License.
- Political changes: Uncertainty about the future cooperation between the United Kingdom and the European Union and potential license implications.
- Competition and market forces: creating a risk of adverse reaction and publicity associated with innovative payment solutions that challenge the status quo or threaten industry bodies and competitors.
- Financial performance: the realisation of above risks could adversely impact future financial performance and cash flows.

FINANCIAL INSTRUMENTS

As at the date of this report the Company has limited operational exposure to foreign exchange risk. The Company's operational costs are predominantly incurred in GBP.

ON BEHALF OF THE BOARD:



G E Khoury - Director

Date: 27 September 2018...

AF Payments Limited

Report of the Directors
for the Year Ended 31 December 2017

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2017.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

R E Courtneidge
G E Khoury

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

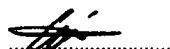
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Georgiou & Prasanna LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



G E Khoury - Director

Date: 27 September 2018...

Report of the Independent Auditors to the Members of
AF Payments Limited

Opinion

We have audited the financial statements of AF Payments Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, 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).

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 a Report of the Auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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, 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.

Report of the Independent Auditors to the Members of
AF Payments Limited

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

The Strategic report and Report of the Directors are in accordance with the relevant legal framework and are consistent with the financial statements.

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

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

However, the corresponding figures are unaudited as there was no requirement to carry out an audit last year. Sufficient, appropriate audit evidence has been obtained to check that the opening balances do not contain misstatements that materially affect the current period's financial statements.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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 Report of the Auditors.

Report of the Independent Auditors to the Members of
AF Payments Limited

S Georgiou (Senior Statutory Auditor)
for and on behalf of Georgiou & Prasanna LLP
69 High Street
London
N14 6LD

Date: .28th.September.2018..

AF Payments Limited

Statement of Comprehensive Income
for the Year Ended 31 December 2017

	Notes	31.12.17 £	31.12.16 £
TURNOVER		-	-
Administrative expenses		<u>65,319</u>	<u>26,873</u>
OPERATING LOSS and LOSS BEFORE TAXATION		(65,319)	(26,873)
Tax on loss	5	<u>(73,539)</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		8,220	(26,873)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>8,220</u>	<u>(26,873)</u>

The notes form part of these financial statements

AF Payments Limited (Registered number: 09356276)

Balance Sheet
31 December 2017

	Notes	31.12.17 £	31.12.16 £
FIXED ASSETS			
Intangible assets	6	968,600	1,002,000
CURRENT ASSETS			
Stocks	7	-	6,646
Debtors	8	73,539	-
Cash at bank		<u>7,700</u>	<u>9,249</u>
		81,239	15,895
CREDITORS			
Amounts falling due within one year	9	<u>66,492</u>	<u>42,768</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>14,747</u>	<u>(26,873)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>983,347</u>	<u>975,127</u>
CAPITAL AND RESERVES			
Called up share capital	10	334	334
Share premium	11	1,001,666	1,001,666
Retained earnings	11	<u>(18,653)</u>	<u>(26,873)</u>
SHAREHOLDERS' FUNDS		<u>983,347</u>	<u>975,127</u>

The financial statements were approved by the Board of Directors on 27 September 2018 and were signed on its behalf by:



G E Khoury - Director

The notes form part of these financial statements

AF Payments Limited

Statement of Changes in Equity
for the Year Ended 31 December 2017

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Changes in equity				
Issue of share capital	334	-	1,001,666	1,002,000
Total comprehensive income	-	(26,873)	-	(26,873)
Balance at 31 December 2016	<u>334</u>	<u>(26,873)</u>	<u>1,001,666</u>	<u>975,127</u>
Changes in equity				
Total comprehensive income	-	8,220	-	8,220
Balance at 31 December 2017	<u>334</u>	<u>(18,653)</u>	<u>1,001,666</u>	<u>983,347</u>

The notes form part of these financial statements

AF Payments Limited

Cash Flow Statement
for the Year Ended 31 December 2017

	Notes	31.12.17 £	31.12.16 £
Cash flows from operating activities			
Cash generated from operations	1	<u>(1,549)</u>	<u>9,249</u>
Net cash from operating activities		<u>(1,549)</u>	<u>9,249</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		<u>-</u>	<u>(1,002,000)</u>
Net cash from investing activities		<u>-</u>	<u>(1,002,000)</u>
Cash flows from financing activities			
Share issue		<u>-</u>	<u>1,002,000</u>
Net cash from financing activities		<u>-</u>	<u>1,002,000</u>
		<u>-</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents		(1,549)	9,249
Cash and cash equivalents at beginning of year	2	9,249	-
		<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	2	<u>7,700</u>	<u>9,249</u>

The notes form part of these financial statements

AF Payments Limited

Notes to the Cash Flow Statement
for the Year Ended 31 December 2017

1. **RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	31.12.17	31.12.16
	£	£
Loss before taxation	(65,319)	(26,873)
Depreciation charges	<u>33,400</u>	<u>-</u>
	(31,919)	(26,873)
Decrease/(increase) in stocks	6,646	(6,646)
Increase in trade and other creditors	<u>23,724</u>	<u>42,768</u>
Cash generated from operations	<u>(1,549)</u>	<u>9,249</u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2017

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u>7,700</u>	<u>9,249</u>

Year ended 31 December 2016

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	<u>9,249</u>	<u>-</u>

The notes form part of these financial statements

AF Payments Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

1. **STATUTORY INFORMATION**

AF Payments Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

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

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intellectual Property are being amortised evenly over their estimated useful life of thirty years.

Licencing software is being amortised evenly over its estimated useful life of thirty years.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

AF Payments Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

2. **ACCOUNTING POLICIES - continued**

Impairment review

The directors assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the directors shall estimate the recoverable amount of the asset. If there is no indication of impairment, it is not necessary to estimate the recoverable amount.

3. **EMPLOYEES AND DIRECTORS**

There were no staff costs for the year ended 31 December 2017 nor for the year ended 31 December 2016.

	31.12.17	31.12.16
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

4. **OPERATING LOSS**

The operating loss is stated after charging:

	31.12.17	31.12.16
	£	£
Intellectual Property amortisation	23,400	-
Licensing software amortisation	10,000	-
Auditors' remuneration	<u>7,000</u>	<u>5,000</u>

5. **TAXATION**

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	31.12.17	31.12.16
	£	£
Deferred tax	<u>(73,539)</u>	<u>-</u>
Tax on loss	<u>(73,539)</u>	<u>-</u>

6. **INTANGIBLE FIXED ASSETS**

	Intellectual Property £	Licensing software £	Totals £
COST			
At 1 January 2017 and 31 December 2017	<u>702,000</u>	<u>300,000</u>	<u>1,002,000</u>
AMORTISATION			
Amortisation for year	<u>23,400</u>	<u>10,000</u>	<u>33,400</u>
At 31 December 2017	<u>23,400</u>	<u>10,000</u>	<u>33,400</u>
NET BOOK VALUE			
At 31 December 2017	<u>678,600</u>	<u>290,000</u>	<u>968,600</u>
At 31 December 2016	<u>702,000</u>	<u>300,000</u>	<u>1,002,000</u>

7. **STOCKS**

	31.12.17	31.12.16
	£	£
Finished goods	<u>-</u>	<u>6,646</u>

AF Payments Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

8. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.17	31.12.16
	£	£
Deferred tax asset	<u>73,539</u>	<u>-</u>

9. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.12.17	31.12.16
	£	£
Amounts owed to group undertakings	54,314	37,768
Accrued expenses	<u>12,178</u>	<u>5,000</u>
	<u>66,492</u>	<u>42,768</u>

10. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.17	31.12.16
			£	£
100	Ordinary	1	<u>334</u>	<u>334</u>

11. **RESERVES**

	Retained earnings £	Share premium £	Totals £
At 1 January 2017	(26,873)	1,001,666	974,793
Profit for the year	<u>8,220</u>		<u>8,220</u>
At 31 December 2017	<u>(18,653)</u>	<u>1,001,666</u>	<u>983,013</u>

12. **RELATED PARTY DISCLOSURES**

The company is related to Accomplish Financial Limited, a company incorporated in the UK, by way of common control.

At the balance sheet date £54,314 (2016: £37,768) was payable to Accomplish Financial Limited. This is included under note 8 to the accounts under 'Amounts due to group undertakings'. During the year the stock of cards held by the company were sold to Accomplish Financial Limited for the amount of £6,646 which was considered to be the fair value at the time of the sale.

The key management personnel of the company are the directors.

13. **ULTIMATE CONTROLLING PARTY**

The Directors have confirmed that there is no ultimate controlling party.

AF Payments Limited

Detailed Profit and Loss Account
for the Year Ended 31 December 2017

	31.12.17		31.12.16	
	£	£	£	£
Income				
Expenditure				
Licences and insurance	1,743		2,972	
Hosting costs	21,450		18,150	
Sundry expenses	(1)		-	
Auditors' remuneration	7,000		5,000	
Amortisation of intangible fixed assets				
Amort of intellectual property disallowed	23,400		-	
Amort of licencing software disallowed	10,000		-	
		63,592		26,122
		(63,592)		(26,122)
Finance costs				
Bank charges		1,727		751
NET LOSS		(65,319)		(26,873)

This page does not form part of the statutory financial statements