takepayments Limited
Annual report and financial statements
Registered number 03102137
30 September 2022

Contents

Strategic Report

The directors present their strategic report for takepayments Limited (the 'Company') in accordance with The Companies Act 2006 for the year ended 30 September 2022

Principal activities

The principal activity of the Company is the deployment of card acceptance and other technology led solutions that add value to businesses.

Business review

On the 17 December 2015 Grovepoint Limited acquired all the share capital of the Company from Prize Ventures Limited. The entire share capital was then transferred to PZ Holdings Limited, a Company incorporated in Guernsey, on the 6th January 2016 following an FCA change of approval notice. In October 2018, the Bill Payments business, previously owned by the Company was sold to the Post Office, allowing the remaining business to focus on payment technology and card acceptance.

The Company has continued its growth strategy by increasing its investment in the development of payment technology solutions that together with increased investment in its sales resource enable it to deliver significant revenue growth each year.

By continuing to grow the merchant base of the business, total turnover for the year to September 2022 increased to £52.7m from £40.8m in the prior year with card acceptance revenues increased significantly from £37.7m in the previous year to £47.8m. The card acceptance revenue growth was driven by a combination of continued growth in the merchant base of the business and also increases in average transaction volume across those merchants. Ancillary revenues also increased significantly from £3.1m in the previous year to £4.9m in the year to September 2022, delivered by strong growth in Business Funding and Payment Card Industry (PCI) compliance services. Operating profit for the year to September 2022 was £5.1m, up from £3.9m in the previous year. The business also delivered a positive underlying EBITDA of £13.3m, an increase of £2.2m (20%) on the previous year. The calculation of underlying EBITDA is shown on page 9.

Strategy and future outlook

The Company's strategy is focused on developing its portfolio of technology solutions designed to offer value over and above pure payments in both card holder present and on-line environments. These solutions plus increased investment in sales resource and post sales care services are planned to increase the Company's customer base of card acceptance and payment technology customers and thereby increase revenues from card acceptance and technology services.

Key Performance Indicators

The Company's directors believe that analysis using key performance indicators for the Company is necessary for the development of the performance of the business of the Company.

The Company measures its performance on a regular basis using signing ratios, average selling rates, customer churn rates, net revenue, gross profit, underlying EBITDA and operating profit against prior years and budget.

Financial risk

The finance department implement policies and processes to mitigate the financial risk of the Company, details of which are set out in specific guidelines held by the department.

Credit risk

Collection activities are managed on a daily basis. Management does not expect any significant losses of receivables that have not been provided for. The Company benefits from a relatively low concentration of risk within trade and other receivables, due to the large and diverse estate of small customers it services.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining adequate credit facilities and by continually monitoring forecast and actual cash flows and matching the maturity profiles of assets and liabilities. The Company minimises liquidity risk by ensuring that sufficient cash balances and sufficient credit lines are available to meet repayment of debts and other liabilities as they fall due.

Strategic Report (continued)

Other risks

Other principal risks and uncertainties that could potentially damage the current business model include:

- Covid-19 – The Company remains at risk from material revenue and cash shortfalls arising from the potential repeat of restrictions and economic impacts of the pandemic. The Management Team monitor the impacts of the pandemic and adapt operations as necessary.
- Current economic conditions – The Company recognises the risk from rising interest rates and rising inflation and the potential for a recession. The movement is monitored by management to ensure they mitigate as much as possible any impact on the business.
- Information technology - plays a major role in day-to-day operations, the Company recognises this importance and invests in systems to ensure an efficient and reliable service is maintained.
- Recruitment – The Company recognises the importance of its people and invests heavily in developing and retaining talented people.
- Regulation – The Company operates in a regulated environment and understands the importance of complying with regulations issued by the Financial Conduct Authority and Payment Systems Regulator. The Company also understands its responsibilities when handling data to ensure that it complies with GDPR regulations. The Company employs a Compliance Department in order to maintain a high level of compliance with regulations.

By order of the board

Mark Dann
Director

4th Floor Highbank House,
Exchange Street,
Stockport,
England,
SK3 0ET

28th February 2023

Directors' report

The directors present their report on takepayments Limited (the 'Company') in accordance with The Companies Act 2006 for the year ended 30 September 2022.

Dividend

The directors do not recommend the payment of a dividend in respect of the year to 30 September 2022 *(2021: £nil).*

Political contributions

The Company made no political donations or incurred any political expenditure during the year *(2021: £nil)*

Research and development

The Company carries out research and development activities aimed at ensuring that the Company's products, services and internal systems deliver a competitive advantage. Costs relating to research and development are written off in the period incurred unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is capitalised and depreciated in the following periods over its expected useful life.

Directors

The directors who held office during the year and up to the date of approval of the financial statements were as follows:

Clive Kahn
Rupert Lowery
Mark Dann
Andrew McCann

Employees

The Company is committed to providing employees with information on matters of concern to them on a regular basis. The views of employees are taken into account when making decisions that are likely to affect their interests.

Streamlined Energy and Carbon Reporting (SECR) statement

The statement below contains takepayments Limited, annual energy consumption, associated relevant greenhouse gas emissions and related information, as required under the Companies (Director's Report) and Limited Liability Partnerships (Energy and Carbon) Regulations 2018. It is the first reporting year for takepayments Limited, therefore comparative data from previous years is not available.

Methodology

The 2019 HM Government Environmental Guidelines have been followed in conjunction with the GHG Protocol Corporate Accounting and Reporting Standard, using the 2020 Uk Government conversion factors.

Directors' report (continued)

Streamlined Energy and Carbon reporting (SECR) statement

Energy Consumption	**2022 kWh**	**2021 kWh**
Electricity	200,887	136,782
Own Road Transport	1,486,892	1,548,502
Total Energy Consumption	**1,687,779**	1,685,284
Emissions of C02 equivalent		
Scope 1 – direct emissions		
Fuel consumed for own transport	373,556	389,035
Scope 2 - Indirect emissions		
Purchased Electricity	42,654	31,885
Scope 3 - Indirect emissions		
Other	106,382	32,126
Total Gross Emissions	**522,592**	453,046
Intensity Ratio		
Tonnes CO2e per M2	**77**	67

Intensity Measurement

The chosen intensity measurement ratio is gross emissions in metric tonnes C02e per M2 of property floor space.

Energy Efficiency Action

Over the last several years a number of energy efficiency actions have been taken, including installation of LED lighting in certain offices.

The Company continues to seek ways of improving its energy performance.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

By order of the board

Mark Dann
Director

4th Floor Highbank House,
Exchange Street,
Stockport,
England,
SK3 0ET

28th February 2023

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.

Independent Auditor's Report to the Members of takepayments Limited

Opinion

We have audited the financial statements of takepayments Limited ("the Company") for the year ended 30 September 2022 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 30 September 2022 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.

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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Reading Board meeting minutes.
- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Considering remuneration incentive schemes and performance targets for management/ directors/ sales staff.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the existence of revenue throughout the reporting period given that there is pressure on revenue targets to maximise returns.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries to revenue throughout the year outside of defined accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non- compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, Financial Conduct Authority regulations and certain aspects of Company legislation recognising the financial nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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 five, 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.

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.

Gareth Roberts BA ACA (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants One St Peter's square
Manchester
M2 3AE

28th February 2023

Profit and Loss Account and Other Comprehensive Income
for the year ended 30 September 2022

	Note	2022 £	2021 £
Turnover	2	**52,682,164**	40,827,061
Cost of sales		**(2,796,024)**	(2,091,419)
Gross profit		**49,886,140**	38,735,642
Administrative expenses		**(44,735,550)**	(34,708,334)
Loss on disposal of Fixed Assets	4	**(47,348)**	(171,754)
Operating Profit		**5,103,242**	3,855,554
Interest payable and other similar charges	7	**(350,077)**	(486,976)
Profit on ordinary activities before taxation		**4,753,165**	3,368,578
Tax charge/(credit) on profit on ordinary activities	8	**(1,148,778)**	589,976
Profit for the financial year		**3,604,387**	3,958,554
Total comprehensive profit for the year		**3,604,387**	3,958,554

The Company has no recognised gains and losses other than those presented above and therefore no separate statement of other comprehensive income has been presented.

Reconciliation of Operating Profit to Underlying EBITDA			
Operating Profit		**5,103,242**	3,855,554
Depreciation	4	**6,653,908**	5,514,416
Amortisation	4	**1,014,393**	818,562
Profit on Foreign Exchange	4	**178**	(1,165)
Investor Costs		**148,500**	137,319
Restructuring costs	3	**291,240**	559,526
Loss on Disposal of Fixed Assets	4	**47,348**	171,754
Underlying EBITDA		**13,258,809**	11,055,966

The notes on pages 12 to 25 form part of these financial statements.

Balance Sheet
As at 30 September 2022

	Note		2022		2021
		£	£	£	£
Fixed assets					
Intangible assets	*9*		**1,933,269**		1,449,600
Tangible assets	*10*		**22,462,625**		16,089,129
			24,395,894		17,538,729
Current assets					
Debtors (including £2,308,322 due after more than one year 2021: £Nil)	*11*	**10,901,536**		10,755,147	
Cash at bank	*12*	**1,100,469**		2,433,344	
		12,002,005		13,188,491	
Creditors: amounts falling due within one year	*13*	**(36,739,724)**		(31,998,541)	
Net current liabilities			**(24,737,719)**		(18,810,050)
Total assets less current liabilities			**(341,825)**		(1,271,321)
Creditors: amounts falling due after more than one year	*14*		**(4,382,175)**		(7,057,066)
Net liabilities			**(4,724,000)**		(8,328,387)
Capital and reserves					
Called up share capital	*18*		**2,478,212**		2,478,212
Profit and loss account			**(7,202,212)**		(10,806,599)
Shareholders' deficit			**(4,724,000)**		(8,328,387)

These financial statements are approved by the board of directors and were signed on its behalf on 28th February 2023:

Mark Dann
Director

Company registered number: 3102137

The notes on pages 12 to 25 form part of these financial statements.

Statement of Changes in Equity

	Called up Share Capital £	Profit and loss account £	Total equity £
Balance at 1 October 2020	2,478,212	(14,765,153)	(12,286,941)
Total comprehensive income for the year			
Profit and other comprehensive income for the year	-	3,958,554	3,958,554
Balance at 30 September 2021	**2,478,212**	**(10,806,599)**	**(8,328,387)**
Balance at 1 October 2021	2,478,212	(10,806,599)	(8,328,387)
Total comprehensive income for the year			
Profit and other comprehensive income for the year	-	3,604,387	3,604,387
Balance at 30 September 2022	**2,478,212**	**(7,202,212)**	**(4,724,000)**

The notes on pages 12 to 25 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

takepayments Limited is a company limited by shares and incorporated and domiciled in England

These financial statements present information about the company as an individual undertaking and not about its group.

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"). Subsequent amendments to FRS 102 which are effective for these financial statements have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1

The Company's parent undertaking, PZ Holdings Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of PZ Holdings Limited are available to the public and may be obtained from 4th Floor Highbank House, Exchange Street, Stockport, England, SK3 0ET. In these financial statements, the Company is considered to be a qualifying entity for the purposes of this FRS and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes.
- Key Management Personnel compensation.

As the consolidated financial statements of PZ Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.
- Certain disclosures required by FRS 102.26 Share Based Payments, and

The Company proposes to continue to adopt FRS 102 in its next financial statements.

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

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

Notwithstanding the net current liabilities of £24,737,719 as at 30 September 2022,the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

As the Company is part of the Group headed by PZ Holdings Limited and participates in the Group's treasury and banking facilities, the directors have included the Company as part of its Going Concern assessment of the Group.

The Group funds its activities through a combination of long-term preference shares and third-party debt facilities. The Group has a £12m facility in place of which £3.5m is still available to draw down until the end of the term in December 2025. Interest payments are made every 3 to 6 months with phased capital repayments commencing December 2021.

The preference shares have a total value of £35,924,758 with interest accruing at a compounded rate of 12.5% per annum. Cumulative interest accrued is £40,609,699. The preference shares are repayable in an Exit Event, an Exit Event is defined as a disposal, share sale, liquidation or an IPO. In the event of an Exit the Group consider that the proceeds received from an Exit Event would provide sufficient headroom to repay the preference shares and as a result consider the Company to be a going concern. The Directors do not consider there is a plausible scenario that the proceeds from a disposal would be less than the value needed to repay the preference shares.

The UK economy is currently facing certain "headwinds" so the Management Team and Board have modelled a number of potential scenarios including those with material but plausible downsides, with revised forecasts for at least 12 months from the date of approval of the financial statements.

These forecasts, that include increased customer churn, higher interest rates and reduced revenue per merchant, show a minimum cash and facility headroom of at least £5M through the next 12 months. The forecasts do not include cashflows associated with the repayment of the preference shares or an Exit Event.

The Group's parent entity PZ Holdings Limited has indicated that it does not intend to seek repayment of the amounts currently due to the Group, which at 30 September 2022 amounted to £20.1m, during the going concern assessment period. 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.

Notes (continued)

1.2 Going concern (continued)

Consequently, the directors are confident that the Group and Company will have resources to continue to meet its obligations as hey fall due and continue to operate existence for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 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.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise balances at bank.

1.4 Judgements 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 balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There are no areas of significant judgement or estimation in these financial

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.11 below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired. Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Terminals/peripherals 3-5 years
- Fixtures and fittings 3-10 years
- Computer equipment 3 years
- Vehicles 5 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Notes *(continued)*

1.6 Intangible assets

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products, services, systems or processes. The expenditure capitalised includes the cost of labour and related overheads. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- capitalised development costs 3-5 years

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.7 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.8 Impairment

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.

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.

1.9 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.10 Turnover

The total turnover of the Company for the year has been derived from its principal activities wholly undertaken in the United Kingdom. The turnover principally represents the amounts derived from service agreements, terminal rental and commissions from the provision of merchant services and income related to other services to merchants. Services provided are recognised on an accruals basis in accordance with the timing of the service provision exclusive of value added tax.

Notes (continued)

1.11 Expenses

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable and finance expenses on finance leases recognised in profit and loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign exchange accounting policy)

1.12 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. Timing differences are not provided for when differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. 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. The Deferred Tax asset is a judgemental figure dependant on future profits.

1.13 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency 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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income, which are recognised in other comprehensive income.

1.14 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred. Amounts recognised in the profit and loss are presented under the heading Administrative expenses.

Notes *(continued)*

2 Turnover

	2022 £	2021 £
Card Acceptance	**47,778,613**	37,733,961
Ancillary income	**4,903,551**	3,093,100
Total turnover	**52,682,164**	40,827,061

All turnover was generated in the United Kingdom.

3 Restructuring Costs

	2022 £	2021 £
Reorganisation and Restructuring costs	**291,240**	559,526
	291,240	559,526

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2022 £	2021 £
Depreciation on tangible assets	**6,653,908**	5,514,416
Amortisation on intangible assets	**1,014,393**	818,562
Loss/(Profit) on disposal of tangible fixed assets	**47,348**	171,754
(Profit)/Loss on foreign currency translation	**178**	(1,165)
Operating lease expense – land and buildings	**226,842**	225,527

Auditor's remuneration:

	2022 £	2021 £
Audit of these financial statements		
Amounts receivable by the Company's auditor and its associates in respect of:	**95,000**	58,000
Corporation Taxation compliance services		
Research & Development Tax Credit advisory services	**14,000**	14,000
VAT advisory Services	**56,000**	56,000

Auditor's remuneration includes fees incurred for fellow Group companies PZ Holdings Ltd, Alphyra Payment Services Limited, TP Merchant Services Limited, Triton Payment Services Limited and Mainline Payments Limited.

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2022 Number	2021 Number
Sales and support	**254**	184
Administration	**220**	183
Executive Management	**4**	4
	478	371

The aggregate payroll costs of these persons were as follows:

	2022 £	2021 £
Wages and salaries	**19,610,874**	14,465,367
Social security costs	**2,167,447**	1,575,009
Contributions to defined contribution plans	**894,762**	638,207
	22,673,083	16,678,583

For both periods the above amounts are the gross amounts paid and include amounts that have been capitalised in the period.

6 Directors' remuneration

	2022 £	2021 £
Directors' remuneration	**1,022,699**	998,504
Company contributions to money purchase pension plans	**11,774**	20,599

The aggregate of remuneration and amounts receivable under incentive schemes of the highest paid director was £270,000 *(2021: £304,376)*, and Company pension contributions of £11,774 *(2021:£20,599)* were made to a money purchase scheme on his behalf. Key personnel and directors are considered to be the same.

	2022 Number	2021 Number
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**1**	1

Notes *(continued)*

7 Interest payable and other similar charges

	2022	2021
	£	£
Loan interest	323,473	466,802
Finance lease interest	26,604	20,174
	350,077	486,976

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2022		2021	
	£	£	£	£
Current tax		41,074		8,172
Deferred tax (see note 16)				
Origination and reversal of timing differences	1,103,698		863,655	
Adjustments in respect of prior periods	4,006		(228,944)	
Effect of tax rate change on opening balance	-		(1,232,859)	
Total deferred tax		1,107,704		(598,148)
Total tax		1,148,778		(589,976)

	2022			2021		
	£ Current tax	£ Deferred tax	£ Total tax	£ Current tax	£ Deferred tax	£ Total tax
Recognised in Profit and loss account	41,074	1,107,704	1,148,778	8,172	(598,148)	(589,976)
Total tax	41.074	1,107,704	1,148,778	8,172	(598,148)	(589,976)

Notes *(continued),*

8 Taxation (continued)

Reconciliation of effective tax rate

	2022	2021
	£	£
Profit before taxation	**3,604,387**	3,958,554
Total tax expense/(credit)	**1,148,778**	(589,976)
Profit excluding taxation	**4,753,165**	3,368,578
Tax using the UK corporation tax rate of 19.0% (2021: 19.0 %)	**903,101**	640,030
Non-deductible expenses	**1,817**	6,340
Remeasurement of deferred tax for changes in tax rates	**264,887**	(1,025,582)
Adjustments to tax charge in respect of previous periods deferred tax	**4,006**	(228,944)
Group relief surrendered/(claimed)	**228**	-
Fixed Asset Difference	**(25,261)**	18,180
Total tax expense included in profit or loss	**1,148,778**	(589,976)

The unrecognised deferred tax asset as at 30 September 2022 is £Nil (2021: £Nil).

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly. The deferred tax asset at 30th September 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related timing differences (2021: 19%).

9 Intangible assets

	Software development
	£
Cost	
Balance at 1 October 2021	4,534,018
Additions– internally developed	1,038,361
Additions – externally purchased	459,701
Disposals	-
Balance at 30 September 2022	6,032,080
Amortisation and impairment	
Balance at 1 October 2021	3,084,418
Amortisation for the year	1,014,393
Disposals	-
Balance at 30 September 2022	4,098,811
Net book value	
At 1 October 2021	1,449,600
At 30 September 2022	**1,933,269**

Capitalised development costs are not treated as a realised loss for the purpose of determining the Company's distributable profits as the costs meet the conditions requiring them to be treated as an asset in accordance with FRS 102 Section 18.

Amortisation is recognised within administrative expenses

Notes *(continued)*

10 Tangible fixed assets

	Terminals	Fixtures & fittings	Vehicles	Computer equipment	Total
	£	£	£	£	£
Cost					
Balance at 1 October 2021	27,978,493	476,845	1,185,762	1,705,744	31,346,844
Additions	11,079,737	600	1,913,368	313,765	13,307,470
Disposals	(1,143,933)	-	(905,203)	-	(2,049,136)
Balance at 30 September 2022	37,914,297	477,445	2,193,927	2,019,509	42,605,178
Depreciation					
Balance at 1 October 2021	12,526,996	374,615	1,022,776	1,333,328	15,257,715
Depreciation charge for the year	6,036,998	54,564	291,527	270,819	6,653,908
Disposals	(889,732)	-	(879,338)	-	(1,769,070)
Balance at 30 September 2022	17,674,262	429,179	434,965	1,604,147	20,142,553
Net book value					
At 1 October 2021	15,451,497	102,230	162,986	372,416	16,089,129
At 30 September 2022	**20,240,035**	**48,266**	**1,758,962**	**415,362**	**22,462,625**

Depreciation is recognised within administrative expenses

The figures for Vehicles above include assets bought under finance leases at a cost of £1,930,698 (2021 - £1,123,308) with a Net Book Value of £1,551,329 (2021 - £152,066) as at 30th September 2022.

Notes *(continued)*

11 Debtors

	2022	2021
	£	£
Trade debtors	**2,645,961**	2,347,005
Amounts owed by Group undertakings	**248,507**	323,507
Other debtors including tax and social welfare	**136,077**	169,634
Prepayments and accrued income	**4,665,362**	3,560,594
Deferred Tax Asset	**3,205,629**	4,354,407
	10,901,536	10,755,147
Due within one year	**8,593,214**	10,755,147
Due after more than one year	**2,308,322**	-
	10,901,536	10,755,147

No interest is charged on the inter-Company balances and repayment will only be triggered as part of an exit event. The directors are confident that in the event of an exit event there will be sufficient cash to repay the inter-company balance.

12 Cash and cash equivalents

	2022	2021
	£	£
Cash at bank	**1,100,469**	2,433,344
	1,100,469	2,433,344

13 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	**11,371,340**	9,115,868
Bank Loan	**1,750,000**	-
Amounts owed to parent undertakings	**18,071,447**	16,659,067
Amounts owed to Group undertakings	**1,989,381**	1,937,238
Taxation and social security	**1,160,760**	1,028,460
Other creditors	**23,648**	774,564
Obligations under finance leases (note 20)	**366,166**	80,156
Accruals and deferred income	**1,863,627**	2,313,195
Pension contributions	**143,355**	89,993
	36,739,724	31,998,541

The inter-Company balance above incurs no interest and repayment will only be triggered as part of an exit event.

Notes *(continued)*

14 Creditors: amounts falling after more than one year

	2022	2021
	£	£
Bank loan	**3,500,000**	7,000,000
Obligations under finance leases	**882,175**	57,066
	4,382,175	7,057,066

15 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2022	2021
	£	£
Creditors falling due after more than one year		
Bank loan	**3,500,000**	7,000,000
Obligations under finance leases	**882,175**	57,066
	4,382,175	7,057,066
Creditors falling due within less than one year		
Bank loan	**1,750,000**	-
Obligations under finance leases	**366,166**	80,156
	2,116,166	80,156

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2022	2021
					£	£
Bank loan	£	3.75% + SONIA	2025	2023-2025	**5,250,000**	7,000,000
Obligations under finance leases	£	4.41% - 5.1%	2026	2023-2026	**1,248,341**	137,222
					6,498,341	7,137,222

Notes *(continued)*

16 Deferred tax assets and liabilities

Deferred tax assets are attributable to the following:

	2022 £	2021 £
Fixed asset timing differences	**2,254,378**	2,052,743
Short term timing differences	**13,340**	22,498
Losses and other deductions	**897,307**	2,193,482
Other	**40,604**	85,684
Tax liabilities	**3,205,629**	4,354,407

17 Employee benefits

Defined contribution plans

The Company operates a Group pension contribution pension plan for directors and employees. The pension entitlements of employees are secured by contribution by the Company to a separately administered pension fund.

The total expense relating to these plans in the current year was £894,762 *(2021: £638,207)*.

18 Share Capital

	2022 £	2021 £
Allotted, called up and fully paid		
2,478,212 ordinary shares of £1 each	**2,478,212**	2,478,212

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.

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2022 £	2021 £
Less than one year	**229,811**	229,333
Between one and five years	**664,138**	982,655
More than five years	**-**	10,021
	893,949	1,222,009

During the year £226,842 was recognised as an expense in the profit and loss account in respect of operating leases *(2021: £225,527)*.

Notes *(continued)*

20 Finance leases

Finance lease liabilities are payable as follows:

	2022	2021
	£	£
Less than one year	**336,166**	80,156
Between one and five years	**882,175**	57,066
More than five years	**-**	-
	1,248,341	137,222

21 Bank Loan

Bank Loan liabilities are payable as follows:

	2022	2021
	£	£
Less than one year	**1,750,000**	-
Between one and five years	**3,500,000**	7,000,000
More than five years	**-**	-
	5,250,000	7,000,000

22 Related parties

Transactions with key management personnel

Total compensation of key management personnel outside of payroll (including the directors) in the year amounted to £nil *(2021: £nil)*.

Other related party transactions

	Expenses recharged 2022	2021
	£	£
Entities with control, joint control or significant influence	**148,500**	137,319
Related party loan interest	**-**	96,052
	148,500	233,371

The related party loan interest incurred is considered to be in line with normal market conditions and is not considered to be significantly different to the rate of interest that would be able to be sourced from a bank.

	Creditors outstanding 2022	2021
	£	£
Entities with control, joint control or significant influence	**2,000**	3,500
	2,000	3,500

The Company lease an office in London which the CEO uses for both takepayments and personal business. The CEO makes a contribution to cover the personal aspect of this expense.

Notes (continued)

22 Related parties (continued)

As the company is a wholly owned subsidiary of PZ Holdings Limited., the company has taken advantage of the exemption available in accordance with FRS 102 and therefore not disclosed transactions of balances with wholly owned subsidiaries which form part of the group headed by PZ Holdings Limited.

23 Ultimate parent Company and parent Company of larger Group

The Company is a subsidiary undertaking of PZ Holdings Limited. The ultimate controlling party is Grovepoint Limited, a holding Company that has invested in a private equity firm specialising in growth capital investment.

The smallest Group in which they are consolidated is that headed by PZ Holdings Limited, incorporated in Guernsey. The consolidated financial statements of PZ Holdings Limited are available to the public and may be obtained from 4th Floor Highbank House, Exchange Street, Stockport, England, SK3 0ET.

24 Post Balance Sheet Events

In December 2022 there was an extension of the existing loan facility by a further twelve months to 4th December 2025.