COMPANY REGISTRATION NUMBER: 03940921

Nochex Limited

Financial Statements

Year Ended 31 December 2016



MURAS BAKER JONES LIMITED
Chartered accountant & statutory auditor
Regent House
Bath Avenue
Wolverhampton
West Midlands
WV1 4EG

Nochex Limited

Financial Statements

Year ended 31 December 2016

Contents	Pages
Officers and professional advisers	1
Directors' report	2 to 3
Independent auditor's report to the members	4 to 5
Statement of income and retained earnings	6
Statement of financial position	7
Statement of cash flows	8
Notes to the financial statements	9 to 17

Nochex Limited

Officers and Professional Advisers

The board of directors	Mr N J Fox Mr R Potts Mr M S Greenbank Mr D Lewis
Company secretary	Mr D Lewis
Registered office	Leeds Innovation Centre 103 Clarendon Road Leeds LS2 9DF
Auditor	Muras Baker Jones Limited Chartered accountant & statutory auditor Regent House Bath Avenue Wolverhampton West Midlands WV1 4EG
Bankers	NatWest Bank plc 63 Otley Road Headingley Leeds LS6 3WA
Solicitors	Pinsent Masons 1 Park Row Leeds LS1 5AB

Nochex Limited

Directors' Report

Year ended 31 December 2016

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

Principal activities

The principal activity of the company during the year was the supply of payment services.

Directors

The directors who served the company during the year were as follows:

Mr N J Fox
Mr R Potts
Mr M S Greenbank
Mr D Lewis

Directors' responsibilities statement

The directors are responsible for preparing 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 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 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 judgments 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Muras Baker Jones Limited are deemed to be re-appointed in accordance with section 487 of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 27 October 2017 and signed on behalf of the board by:



Mr D Lewis
Company Secretary

Nochex Limited

Independent Auditor's Report to the Members of Nochex Limited

Year ended 31 December 2016

We have audited the financial statements of Nochex Limited for the year ended 31 December 2016 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; and
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Oliver Ross BSc (Hons) FCA (Senior Statutory Auditor)

For and on behalf of
Muras Baker Jones Limited
Chartered accountant & statutory auditor
Regent House
Bath Avenue
Wolverhampton
West Midlands
WV1 4EG

27 October 2017

Nochex Limited

Statement of Income and Retained Earnings

Year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	**1,072,979**	1,340,741
Cost of sales		**241,878**	270,247
Gross profit		**831,101**	1,070,494
Administrative expenses		**789,992**	739,290
Operating profit	5	**41,109**	331,204
Other interest receivable and similar income	9	**3,669**	4,124
Interest payable and similar expenses	10	**147**	–
Profit before taxation		**44,631**	335,328
Tax on profit	11	**3,315**	49,923
Profit for the financial year and total comprehensive income		**41,316**	285,405
Dividends paid and payable	12	**(100,000)**	(250,000)
Retained earnings at the start of the year		**479,365**	443,960
Retained earnings at the end of the year		**420,681**	479,365

All the activities of the company are from continuing operations.

The notes on pages 9 to 17 form part of these financial statements.

Nochex Limited

Statement of Financial Position

31 December 2016

	Note	2016 £	2016 £	2015 £
Fixed assets				
Intangible assets	13		216,876	175,299
Tangible assets	14		5,422	15,309
			222,298	190,608
Current assets				
Debtors	15	251,024		217,948
Cash at bank and in hand		1,306,315		1,659,291
		1,557,339		1,877,239
Creditors: amounts falling due within one year	16	1,319,955		1,552,796
Net current assets			237,384	324,443
Total assets less current liabilities			459,682	515,051
Provisions				
Taxation including deferred tax	17		39,000	35,685
Net assets			420,682	479,366
Capital and reserves				
Called up share capital	20		1	1
Profit and loss account	21		420,681	479,365
Shareholders funds			420,682	479,366

These financial statements were approved by the board of directors and authorised for issue on 27 October 2017, and are signed on behalf of the board by:

Mr M S Greenbank
Director

Company registration number: 03940921

The notes on pages 9 to 17 form part of these financial statements.

Nochex Limited

Statement of Cash Flows

Year ended 31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	**41,316**	285,405
Adjustments for:		
Depreciation of tangible assets	**11,837**	16,454
Amortisation of intangible assets	**31,335**	24,043
Other interest receivable and similar income	**(3,669)**	(4,124)
Interest payable and similar expenses	**147**	–
Tax on profit	**3,315**	49,923
Accrued (income)/expenses	**(1,917)**	7,820
Changes in:		
Trade and other debtors	**(33,076)**	249,285
Trade and other creditors	**(231,038)**	(641,511)
Cash generated from operations	**(181,750)**	(12,705)
Interest paid	**(147)**	–
Interest received	**3,669**	4,124
Tax received	**114**	–
Net cash used in operating activities	**(178,114)**	(8,581)
Cash flows from investing activities		
Purchase of tangible assets	**(1,950)**	(18,838)
Purchase of intangible assets	**(72,912)**	(47,227)
Net cash used in investing activities	**(74,862)**	(66,065)
Cash flows from financing activities		
Dividends paid	**(100,000)**	(250,000)
Net cash used in financing activities	**(100,000)**	(250,000)
Net decrease in cash and cash equivalents	**(352,976)**	(324,646)
Cash and cash equivalents at beginning of year	**1,659,291**	1,983,937
Cash and cash equivalents at end of year	**1,306,315**	1,659,291

The notes on pages 9 to 17 form part of these financial statements.

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Leeds Innovation Centre, 103 Clarendon Road, Leeds, LS2 9DF.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities. The financial statements are prepared in sterling, which is the functional currency of the entity.

(b) 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. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(c) Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

(d) Deferred tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

3. Accounting policies *(continued)*

Deferred tax *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

(e) Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

(f) Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Software development costs	-	10% straight line
Infrastructure software	-	25% straight line
Office software	-	25% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

(g) Research and development

Research expenditure is written off in the period in which it is incurred. Development expenditure incurred is capitalised as an intangible asset only when all of the following criteria are met:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- There is the intention to complete the intangible asset and use or sell it;
- There is the ability to use or sell the intangible asset;
- The use or sale of the intangible asset will generate probable future economic benefits;
- There are adequate technical, financial and other resources available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Expenditure that does not meet the above criteria is expensed as incurred.

3. Accounting policies *(continued)*

(h) Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

(i) Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Infrastructure hardware	-	50% straight line
Office equipment	-	25% straight line

(j) Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

(k) Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

(l) Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

4. Turnover

Turnover arises from:

	2016	2015
	£	£
Rendering of services	**1,072,979**	1,340,741

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging:

	2016	2015
	£	£
Amortisation of intangible assets	**31,335**	24,043
Depreciation of tangible assets	**11,837**	16,454

6. Auditor's remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	**6,816**	3,600
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	**260**	252

7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016	2015
	No.	No.
Administrative staff	**18**	18

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016	2015
	£	£
Wages and salaries	**556,724**	559,383
Other pension costs	**1,729**	–
	558,453	559,383

8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	139,249	145,000
Company contributions to defined contribution pension plans	437	–
	139,686	145,000

9. Other interest receivable and similar income

	2016	2015
	£	£
Interest on cash and cash equivalents	3,669	4,124

10. Interest payable and similar expenses

	2016	2015
	£	£
Interest on banks loans and overdrafts	33	–
Interest payable on overdue corporation tax	114	–
	147	–

11. Tax on profit

Major components of tax expense

	2016	2015
	£	£
Current tax:		
UK current tax expense	–	14,238
Deferred tax:		
Origination and reversal of timing differences	3,315	35,685
Tax on profit	3,315	49,923

11. Tax on profit *(continued)*

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20%).

	2016	2015
	£	£
Profit on ordinary activities before taxation	**44,631**	335,328
Profit on ordinary activities by rate of tax	**8,926**	67,066
Effect of expenses not deductible for tax purposes	**-**	6,196
Rounding on tax charge	**506**	-
Group loss relief claimed	**-**	(37,916)
Deferred tax (over) / under-provision brought forward	**(6,117)**	14,577
Tax on profit	**3,315**	49,923

12. Dividends

	2016	2015
	£	£
Dividends paid during the year	**100,000**	250,000

13. Intangible assets

	Development costs	Infrastructure software	Office software	**Total**
	£	£	£	**£**
Cost				
At 1 January 2016	240,430	21,106	4,727	**266,263**
Additions	72,912	-	-	**72,912**
At 31 December 2016	313,342	21,106	4,727	**339,175**
Amortisation				
At 1 January 2016	65,131	21,106	4,727	**90,964**
Charge for the year	31,335	-	-	**31,335**
At 31 December 2016	96,466	21,106	4,727	**122,299**
Carrying amount				
At 31 December 2016	216,876	-	-	**216,876**
At 31 December 2015	175,299	-	-	175,299

14. Tangible assets

	Infrastructure hardware £	Equipment £	**Total £**
Cost			
At 1 January 2016	131,350	2,955	**134,305**
Additions	1,950	–	**1,950**
At 31 December 2016	133,300	2,955	**136,255**
Depreciation			
At 1 January 2016	117,165	1,831	**118,996**
Charge for the year	11,277	560	**11,837**
At 31 December 2016	128,442	2,391	**130,833**
Carrying amount			
At 31 December 2016	4,858	564	**5,422**
At 31 December 2015	14,185	1,124	15,309

15. Debtors

	2016 £	2015 £
Trade debtors	**11,282**	21,970
Amounts owed by group undertakings	**223,174**	168,314
Prepayments and accrued income	**8,755**	4,876
Other debtors	**7,813**	22,788
	251,024	217,948

16. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	**30,173**	29,547
Accruals and deferred income	**46,851**	48,768
Corporation tax	**14,352**	14,238
Social security and other taxes	**19,695**	19,445
Other creditors	**1,208,884**	1,440,798
	1,319,955	1,552,796

17. Provisions

	Deferred tax (note 18) £
At 1 January 2016	**35,685**
Additions	**3,315**
At 31 December 2016	**39,000**

18. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2016	2015
	£	£
Included in provisions (note 17)	**39,000**	35,685

The deferred tax account consists of the tax effect of timing differences in respect of:

	2016	2015
	£	£
Accelerated capital allowances	**39,000**	35,685

19. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £1,729 (2015: £Nil).

20. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	**1**	**1**	1	1

21. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

22. Related party transactions

100% of the company's issued share capital is owned by Securiclick Ltd. During the year the company incurred management charges of £26,226 and software license fees of £25,000 from its parent company (2015 management charges and consultancy services income £28,297). At the balance sheet date £223,174 (2015 - £168,314) was due from Securiclick Ltd.

The company also traded with companies under the control of the directors as follows:

During the year the company supplied management and other miscellaneous services to Axcess Merchant Services Ltd amounting to £69,288 (2015 - £43,894). In addition, Nochex Limited incurred costs on behalf of this company amounting to £nil (2015 - £77,272). At the balance sheet date a total of £6,114 (2015 - £13,407) was due from Axcess Merchant Services Ltd.

During the year the company supplied management and other miscellaneous services to Axcess Payment Services Ltd amounting to £22,629 (2015 - £22,280). In addition, Nochex Limited incurred costs on behalf of this company amounting to £nil (2015 - £2,393). The company also received payment services from Axcess Payment Services Ltd totalling £14,563 (2015 - £13,181). At the balance sheet date a total of £1,211 (2015 - £4,267) was due from Axcess Payment Services Ltd.

During the year the company incurred costs on behalf of Axcess Merchant Services Europe Ltd amounting to £nil (2015 - £612). At the balance sheet date £nil (2015 - £2,518) was due from Axcess Merchant Services Europe Ltd.

During the year the company incurred charges of £25,000 (2015 £25,000) from R&B Associates (UK) Ltd. At the balance sheet date £6,250 (2015 £6,250) was payable to to that company.

23. Controlling party

The parent company and ultimate holding company is Securiclick Ltd a company registered in England and Wales.