

Registration number: 11285708

PAY4 WORKING CAPITAL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



PAY4 WORKING CAPITAL LIMITED

COMPANY INFORMATION

Director Mr Robert Keown-Boyd

Registered office Windsor House
Bayshill Road
Cheltenham
GL50 3AT

Auditors Hazlewoods LLP
Staverton Court
Staverton
Cheltenham
GL51 0UX

PAY4 WORKING CAPITAL LIMITED

(REGISTRATION NUMBER: 11285708)

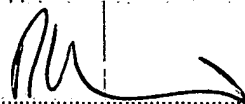
BALANCE SHEET AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
Current assets			
Debtors	4	2,208,785	5,296,756
Cash at bank and in hand		<u>254,828</u>	<u>83,088</u>
		2,463,613	5,379,844
Creditors: Amounts falling due within one year	5	<u>(683,703)</u>	<u>(6,266,568)</u>
Total assets less current liabilities		1,779,910	(886,724)
Creditors: Amounts falling due after more than one year	5	<u>(45,000)</u>	<u>-</u>
Net assets/(liabilities)		<u>1,734,910</u>	<u>(886,724)</u>
Capital and reserves			
Called up share capital	7	100	100
Profit and loss account		<u>1,734,810</u>	<u>(886,824)</u>
Total equity		<u>1,734,910</u>	<u>(886,724)</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the director on 15-9-2021



Mr Robert Keown-Boyd
Director

The notes on pages 3 to 8 form an integral part of these financial statements.

PAY4 WORKING CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Going concern

During the year the Covid-19 pandemic has affected the UK and global economy, although, due to the nature of the business, while it has delayed future plans it has not had a significant impact on the trading ability of the Company and the business has performed well in collecting outstanding customer debt obligations in light of the incumbent debt provider ceasing funding.

In assessing the going concern status of the Company, the director has given consideration to the position of the Company together with its Parent Company, Pay4 (UK) Limited. The director has considered the cash on hand and available position of the Group at the date of approving the financial statements, prepared detailed cash flow forecasts and projections and applied stress test scenarios to those forecasts. The Director has also taken into consideration the impact of Covid-19 on its ability to raise additional finance to support the planned growth assumptions. The shareholder has committed to support the Company in the immediate future whilst the planned growth is implemented.

After reviewing the Group's forecasts and projections, the Director has a reasonable expectation that the Group has access to adequate resources to continue in operational existence for the foreseeable future. There are inherent uncertainties regarding the forecasts, such as the ability of the Group to raise additional finance, and the business moving towards a new business model, although the Director has every expectation that finance will be raised and there are ongoing discussions.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

No significant judgements have been made by management in preparing these financial statements.

PAY4 WORKING CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Key sources of estimation uncertainty

No key sources of estimation uncertainty have been identified by management in preparing these financial statements other than those detailed in these accounting policies.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

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

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits.

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

PAY4 WORKING CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

PAY4 WORKING CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial instruments (continued)

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 Staff numbers

The average number of persons employed by the company (including the director) during the year, was as follows:

	2020 No.	2019 No.
Average number of employees	<u>12</u>	<u>22</u>

4 Debtors

	Note	2020 £	2019 £
Trade debtors		347,831	3,635,063
Amounts owed by related parties	8	<u>1,860,954</u>	<u>1,661,693</u>
		<u>2,208,785</u>	<u>5,296,756</u>

PAY4 WORKING CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

5 Creditors

	Note	2020 £	2019 £
Due within one year			
Loans and borrowings	6	5,000	-
Trade creditors		676,632	4,252,203
Amounts due to related parties	8	-	1,985,597
Other creditors		-	24,746
Accrued expenses		2,071	4,022
		<u>683,703</u>	<u>6,266,568</u>
Due after one year			
Loans and borrowings	6	<u>45,000</u>	<u>-</u>

Creditors: amounts falling due after more than one year

	Note	2020 £	2019 £
Due after one year			
Loans and borrowings	6	<u>45,000</u>	<u>-</u>

6 Loans and borrowings

	2020 £	2019 £
Current loans and borrowings		
Bank borrowings	<u>5,000</u>	<u>-</u>

	2020 £	2019 £
Non-current loans and borrowings		
Bank borrowings	<u>45,000</u>	<u>-</u>

The bank borrowings are unsecured and no interest is charged on the balance. It is due to be repaid over 10 years, with the final payment due in July 2030.

7 Share capital

Allotted, called up and fully paid shares

	2020 No.	£	2019 No.	£
Share capital of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

PAY4 WORKING CAPITAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

8 Related party transactions

Summary of loans from Shareholders

Under FRS 102, the following shareholders have been identified as related parties due to their significant influence over Pay4 Working Capital Limited.

Mark Blandford

During the year, Pay4 UK received a loan of £625,000. There is no fixed term or interest charged over the loan. As at the 31st December 2020, £625,000 remained outstanding.

Rockridge Investments S.A.

During the year, Pay4 UK received a loan of £1,560,000. Interest is charged at 0.5% per calendar month. As at the 31st December 2020, £1,560,000 remained outstanding.

9 Parent and ultimate parent undertaking

The company's immediate parent company is Pay4 (UK) Limited, incorporated in England and Wales.

The ultimate parent company is Pay4 Group Holdings Limited, incorporated in England and Wales.

Until 1 July 2020, the company was controlled by Pay4 Limited. On 1 July 2020, Pay4 Group Holdings Limited acquired the entire share capital due to a company reorganisation.

10 Audit report

The Independent Auditor's Report, which includes a material uncertainty related to going concern paragraph in relation to the uncertainties highlighted in Note 2 to the financial statements, was unqualified. The name of the Senior Statutory Auditor who signed the audit report on *16 September 2021* was Ryan Hancock, who signed for and on behalf of Hazlewoods LLP.