

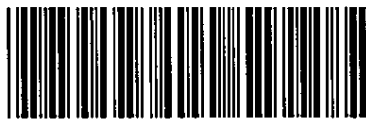
Registered No 2570541

CASHFAC Initiative Limited

Report and Financial Statements

30 September 2009

WEDNESDAY



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COMPANIES HOUSE

CASHFAC Initiative Limited

Registered No: 2570541

Director

P W Ormrod

Secretary

H McNally

Auditors

Ernst & Young LLP
400 Capability Green
Luton
Bedfordshire
LU1 3LU

Registered Office

14 Austin Friars
London
EC2N 2HE

Directors' report

The director presents his report and financial statements for the year ended 30 September 2009.

Principal activities

The principal activities of the company are unchanged from last year and comprise the development, sales, administration and maintenance of bank management systems.

Review of business and future developments

The director is pleased to report a very resilient performance for 2009. This is particularly positive if you consider that the banks upon which we depend for a good proportion of our revenues were practically out of sales reach for more than half the year. Our decision to invest in and develop our managed service business last year was timely, extending our products and services to existing customers and increasing our income per customer.

Our revenues increased 12%. Recurring income from long term contracts increased 33% and cash at year end increased 23%.

For the first time we are reporting the ongoing investment in our packaged technology products CashFac Virtual Bank Technology® and A2Pay®. This is an important accounting change and reflects both the growing value of the products and the opportunities that we are seeing for 2010 and beyond. This changes the view for the current and the past year and reveals a significant increase in reported net assets.

We are pleased to say that the banks are working with us closer than ever as they look to provide corporate treasurers with cost saving and cash concentration opportunities.

We signed our first two distribution partners for the new A2Pay product including a premier European banking group. A2Pay is a ground-breaking real time technology that is used by business communities of service suppliers and their customers to cut costs and response times in financial services by virtualizing payments and simultaneously providing shared straight through processing of cash and accounting in complex settlement processes. The early deployments of A2Pay are in the pension and employee benefits sectors, and we expect this to extend to other sectors.

Our services are increasing in depth and confidence, and we achieved ISO 27001 certification. We are now providing managed services for large banks and a leading global fund manager. Our income from these services increases with volume.

The increase in our costs reflects mostly the infrastructure and people costs in our managed services, and the cost of establishing and supporting a distribution partnership in South East Asia which we expect to add to our revenues during 2010.

Our investment in the sales team during the latter stages of the financial year translated into a significantly greater number of sales opportunities and bigger average sales values. The outlook for 2010 is very positive and we will keep shareholders updated in the quarterly newsletters.

Results and dividends

The director does not recommend the payment of a dividend (2008: £nil). The profit for the year after tax amounted to £512,827 (2008: profit of £666,229).

Directors

The director who held office during the year was Mr P Ormrod.

Directors' report

Directors' statement as to disclosure of information to Auditors

The director at the time of approving the directors' report is listed above. Having made enquiries of the company's auditors, the director confirms that:

- to the best of his knowledge and belief, there is no information relevant to the preparation of the directors report of which the company's auditors are unaware; and
- the director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

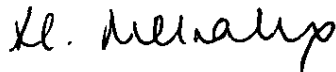
Auditors

A resolution to re-appoint Ernst & Young LLP as auditors of the Company will be put to the members at the forthcoming Annual General Meeting.

Small Company provisions

This report has been prepared in accordance with the special provisions for small companies.

By order of the Board



H McNally
Company Secretary

17 December 2009

Statement of director's responsibilities in respect of the financial statements

The director is responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 director is required to:

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

The director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him 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.

Independent auditors' report

to the members of CASHFAC Initiative Limited

We have audited the financial statements of CASHFAC Initiative Limited for the year ended 30 September 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 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 auditors

As explained more fully in the Director's Responsibilities Statement set out on page 4, 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 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 (APB'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.

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 30 September 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

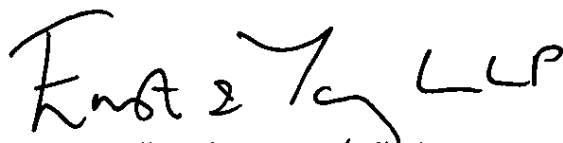
Independent auditors' report

to the members of CASHFAC Initiative Limited

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements and the director's report in accordance with the small companies regime.

A handwritten signature in black ink, appearing to read 'Fraser Bull', followed by the letters 'LLP'.

Fraser Bull (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

17 December 2009

Profit and loss account

for the year ended 30 September 2009

	Notes	2009 £	2008 £ <i>Restated</i>
Turnover	2	3,135,009	2,812,503
Distribution expenses	3	(89,322)	(133,701)
Administrative expenses		(2,973,290)	(2,414,525)
		(3,062,612)	(2,548,226)
Operating profit	4	72,397	264,277
Interest receivable and similar income		23,907	49,165
Interest payable and similar charges	7	(1,656)	(1,213)
Profit on ordinary activities before taxation		94,648	312,229
Taxation on profit on ordinary activities	8	418,179	354,000
Retained profit for the year	15	512,827	666,229

Statement of total recognised gains and losses
for the year ended 30 September 2009

	2009 £	2008 £
Profit for the financial year	512,827	666,229
Total recognised gains and losses relating to the year	<u>512,827</u>	<u>666,229</u>
Prior year adjustment (as explained in note 1)	1,333,305	
Total gains and losses recognised since last annual report	<u>1,846,132</u>	

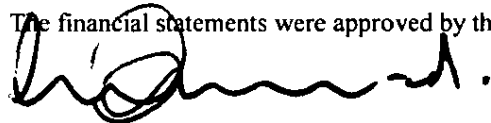
Balance sheet

at 30 September 2009

	Notes	2009 £	2008 <i>Restated</i> £
Fixed assets			
Intangible fixed assets	9	1,578,653	1,333,305
Tangible fixed assets	10	65,095	86,814
		<u>1,643,748</u>	<u>1,420,119</u>
Current assets			
Debtors	11	1,311,384	1,101,047
Cash at bank and in hand		1,297,808	1,057,790
		<u>2,609,192</u>	<u>2,158,837</u>
Creditors: amounts falling due within one year	12	(600,609)	(585,820)
Deferred income		(1,014,308)	(867,940)
		<u>994,275</u>	<u>705,077</u>
Net current assets			
Creditors: amounts falling due after more than one year			
Amounts owing to group companies	13	(1,925,205)	(1,925,205)
Redeemable preference share liability	14	(75,000)	(75,000)
		<u>(2,000,205)</u>	<u>(2,000,205)</u>
Net assets		<u>637,818</u>	<u>124,991</u>
Capital and reserves			
Called up share capital	14	1,276	1,276
Share premium account	15	330,164	330,164
Profit and loss account	15	306,378	(206,449)
		<u>637,818</u>	<u>124,991</u>
Shareholders' funds	16	<u>637,818</u>	<u>124,991</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board on 17 December 2009 and signed on its behalf by:



Mr P W Ommrod
Director

Notes to the financial statements

at 30 September 2009

1. Principal accounting policies

Basis of preparation and change in accounting policy

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

In preparing the financial statements for the current year, the company has changed its accounting policy for research and development expenditure. Previously all research and development expenditure was written off as incurred however the director has now identified development expenditure incurred on individual projects that can be carried forward given that the future recoverability on such balances can reasonably be regarded as assured. Such expenditure is amortised in line with expected future sales from the related project. The company considers that this policy is a more relevant presentation as it more appropriately recognises the research and development activities of the company and facilitates improved comparability with other similar companies in the market in which the company operates.

Consequently, development expenditure in the company balance sheet has increased by £1,127,142 as at 1 October 2007, £1,333,305 at 30 September 2008 and £1,578,653 at 30 September 2009. In the profit and loss account amortisation increased by £343,788 in 2008 and £406,841 in 2009 whilst research and development costs reduced by £549,951 in 2008 and £652,189 in 2009. There is no tax effect given the non tax paying status of the company during these periods.

Tangible fixed assets and depreciation

The cost of purchased tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated as to write off the cost of tangible fixed assets, less their estimated residual values, on a reducing balance basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Fixtures and fittings	25%
Leasehold improvements	25%
Computer equipment	100%

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes.

Rendering of services – revenue from software services and the provision of general services is recognised over the period in which the service is provided.

Maintenance revenue is recognised over the maintenance period on a straight line basis, the unrecognised maintenance revenue is included as deferred income on the balance sheet.

Cash flow statement

The company satisfied the small company criteria as defined in the Companies Act 2006 and, under the exemption set out in Financial Reporting Standard 1 (Revised); a cash flow statement has not been prepared.

Notes to the financial statements

at 30 September 2009

1. Principal accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Research and development expenditure

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term.

Related party transactions

The company is a wholly owned subsidiary of CASHFAC Limited and has taken advantage of the exemption granted in Financial Reporting Standard No 8 not to disclose details of transactions with other group undertakings.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. All charges associated with financial liabilities are classified within finance charges.

2. Turnover

Turnover consists of licence fees, maintenance fees and fees for consultancy services supplied in the United Kingdom.

3. Distribution expenses

Distribution expenses are commission payments due in respect of turnover.

Notes to the financial statements

at 30 September 2009

4. Operating profit

This is stated after charging:

	2009	2008
	£	£
Depreciation of tangible fixed assets	21,720	15,230
Amortisation of deferred development expenditure	406,841	343,788
Auditor's remuneration	19,500	19,500
Operating lease rentals - land and buildings	108,530	93,946
	<u> </u>	<u> </u>

5. Directors' emoluments

	2009	2008
	£	£
Aggregate emoluments	196,304	237,213
	<u> </u>	<u> </u>

Emoluments payable to the highest paid director are as follows:

	2009	2008
	£	£
Aggregate emoluments	196,304	194,441
	<u> </u>	<u> </u>

6. Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was as follows:

	2009	2008
	No.	No.
Development	13	12
Sales and consultancy	12	11
Administration	3	3
	<u> </u>	<u> </u>
	28	26
	<u> </u>	<u> </u>

Staff costs

	2009	2008
	£	£
Wages and salaries	1,661,188	1,367,392
Social security costs	171,906	165,005
	<u> </u>	<u> </u>
	1,833,094	1,532,397
	<u> </u>	<u> </u>

Notes to the financial statements

at 30 September 2009

7. Interest payable and similar charges

	2009	2008
	£	£
On bank loans, overdrafts and other loans repayable within 5 years.	1,656	1,213

8. Tax

(a) Tax on profit on ordinary activities

The tax credit is made up as follows:

	2009	2008
	£	£
Adjustment in respect of prior years	-	-
Deferred taxation	418,179	354,000
	<u>418,179</u>	<u>354,000</u>

(b) Factors that may affect the future tax charges

Trading losses of approximately £3,432,000 (2008: £3,484,000) have been carried forward and are available for set-off against future trading profits.

(c) Deferred tax

The deferred tax asset recognised in the financial statements is as follows:

	2009	2008
	£	£
Losses	772,179	354,000
Total deferred tax assets	<u>772,179</u>	<u>354,000</u>

The movement on deferred tax assets in the year is as follows:

	£
At 1 October 2008	354,000
Deferred tax credited to the profit and loss account (note 8(a))	418,179
At 30 September 2009	<u>772,179</u>

Notes to the financial statements

at 30 September 2009

8. Tax (continued)

The unprovided deferred tax asset is as follows:

	2009 £	2008 £
Accelerated capital allowances	59,541	77,995
Losses	-	412,370
Other timing differences	1,457	1,685
	<u>60,998</u>	<u>492,050</u>

9. Intangible fixed assets

	<i>Development costs £</i>
Cost:	
At 1 October 2008	2,268,890
Increase in the year	652,189
At 30 September 2009	<u>2,921,079</u>
Amortisation:	
At 1 October 2008	935,585
Increase in the year	406,841
At 30 September 2009	<u>1,342,426</u>
Net book value:	
At 30 September 2009	<u>1,578,653</u>
At 1 October 2008	<u>1,333,305</u>

Deferred development costs are amortised over the period of expected future sales of the related projects up to a maximum of 5 years.

Notes to the financial statements

at 30 September 2009

10. Tangible fixed assets

	<i>Fixtures and fittings</i> £	<i>Leasehold improvement</i> £	<i>Total</i> £
<i>Cost:</i>			
At 1 October 2008	30,049	74,481	104,530
Additions	-	-	-
Disposals	-	-	-
Cost at 30 September 2009	30,049	74,481	104,530
<i>Depreciation</i>			
At 1 October 2008	8,246	9,470	17,716
Charge for the year	5,467	16,252	21,719
Disposals	-	-	-
At 30 September 2009	13,713	25,722	39,435
<i>Net book value:</i>			
At 30 September 2009	16,336	48,759	65,095
At 1 October 2008	21,803	65,011	86,814

11. Debtors

	<i>2009</i> £	<i>2008</i> £
Trade debtors	353,332	524,792
Amounts due from fellow subsidiaries	385	385
Other debtors	55,812	55,812
Corporation tax receivable – group relief	2,158	2,158
Corporation tax	243	243
Deferred tax	772,179	354,000
Prepayments and accrued income	127,275	163,657
	<u>1,311,384</u>	<u>1,101,047</u>

12. Creditors: amounts falling due within one year

	<i>2009</i> £	<i>2008</i> £
Trade creditors	218,224	137,566
Amounts owing to group companies	467	467
Accruals	255,986	275,974
Other taxation and social security costs	125,932	171,813
	<u>600,609</u>	<u>585,820</u>

Notes to the financial statements

at 30 September 2009

13. Creditors: amounts falling due after more than one year

	2009 £	2008 £
Amounts owing to group companies	1,925,205	1,925,205
75,000 redeemable preference shares of £1 each	75,000	75,000
	<u>2,000,205</u>	<u>2,000,205</u>

A resolution has been passed by CASHFAC Limited to make the intercompany creditor repayable to CASHFAC Limited by CASHFAC Initiative Limited as due in greater than one year.

14. Called up share capital

	2009 £	2008 £
<i>Authorised:</i>		
13,100 ordinary shares of £0.10 each	1,310	1,310
75,000 redeemable preference shares of £1 each	75,000	75,000
	<u>76,310</u>	<u>76,310</u>
<i>Allotted, called up and fully paid:</i>		
12,760 ordinary shares of £0.10 each	1,276	1,276
75,000 redeemable preference shares of £1 each	75,000	75,000
	<u>76,276</u>	<u>76,276</u>

The rights attaching to the redeemable preference shares are:

- The shares carry a fixed non-cumulative preferential dividend at the rate of 0.01% per annum which is payable in the event that there are sufficient profits available for distribution.
- The redeemable preference shares, owned by the parent company CASHFAC Limited, became redeemable at par in tranches of 5,000 shares per month from 31 January 1995 (unless there are insufficient distributable reserves available). In addition, the company has the right to redeem the shares on giving 30 days notice in writing. No premium is payable on redemption.
- In the event of a winding up the redeemable preference shares have priority over ordinary shares in the distribution of assets.
- The holders of the redeemable preference shares have the right to receive notice of, but not to attend or vote at, any general meeting of the company other than in certain specified circumstances.

The preference shares are included in long term liabilities – see note 13.

Notes to the financial statements

at 30 September 2009

15. Reserves

	<i>Share premium account</i>	<i>Profit and loss account</i>
	£	£
At 1 October 2008 (Restated)	330,164	(206,449)
Retained profit for year	-	512,827
At 30 September 2009	<u>330,164</u>	<u>306,378</u>

16. Reconciliation of movements in shareholders' funds

	<i>2009</i>	<i>2008</i>
	£	£
Opening shareholders' funds (as previously reported)	(1,208,314)	(1,668,380)
Prior year adjustment (see note 1)	1,333,305	1,127,142
Restated opening shareholders' funds	<u>124,991</u>	<u>(541,238)</u>
Profit for the financial period	512,827	666,229
Closing shareholders' funds	<u>637,818</u>	<u>124,991</u>

17. Operating lease commitments

The company has financial commitments in respect of non-cancellable operating leases of land and buildings. The annual rentals payable under these leases are:

	<i>2009</i>	<i>2008</i>
	£	£
<i>Leases which expire:</i>		
Within one year	-	-
Between one and five years	112,400	112,400
	<u>112,400</u>	<u>112,400</u>

18. Ultimate holding company

CASHFAC Initiative Limited is a wholly owned subsidiary of CASHFAC Limited. Copies of the parent's consolidated financial statements may be obtained from the Company Secretary at 14 Austin Friars, London, EC2N 2HE.