

Registered number: 02570541

**CASHFAC INITIATIVE LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

FRIDAY



\*L8KOYY4W\*

L13

20/12/2019

#163

COMPANIES HOUSE

---

**CASHFAC INITIATIVE LIMITED**

---

**COMPANY INFORMATION**

---

<b>Directors</b>	P W Ormrod K Stewart H J McNally R Wilson J P J Ferguson R T Cummings L Cottrill (resigned 31 March 2019) T J Stockton (resigned 31 March 2019)
<b>Company secretary</b>	H J McNally
<b>Registered number</b>	02570541
<b>Registered office</b>	50 Mark Lane London EC3R 7QR
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 30 Finsbury Square London EC2A 1AG

---

**CASHFAC INITIATIVE LIMITED**

---

**CONTENTS**

---

	Page
<b>Strategic Report</b>	<b>1 - 6</b>
<b>Directors' Report</b>	<b>7 - 9</b>
<b>Independent Auditor's Report</b>	<b>10 - 12</b>
<b>Statement of Comprehensive Income</b>	<b>13</b>
<b>Statement of Financial Position</b>	<b>14</b>
<b>Statement of Changes in Equity</b>	<b>15</b>
<b>Notes to the Financial Statements</b>	<b>16 - 33</b>

---

## CASHFAC INITIATIVE LIMITED

---

### STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

#### Business review and future developments

##### Operational Highlights

Recurring revenues were once again the highlight in our financial performance. In an otherwise flat revenue year, recurring revenue from long term contracts increased by 16% so that the quality of earnings continued to improve.

We had a notable success in the launch by a major bank in The Netherlands of its Cashfac based virtual account technology.

We have also had important success in the focus on direct sales to corporates particularly in the wealth and asset management sectors although the revenue impact of this success will mostly be visible in financial 2020. We made important headway with an understanding within some banks that generic virtual account solutions are not a good fit for the more demanding larger corporate and government customers. It is an historic strength of Cashfac that we have produced solutions that build from within large businesses towards banks so that our solutions reflect the diversity and richness of workflows and data within those big organizations. We continue to respond to the need of banks to produce generic virtual account products that are understood by bank sales teams and relationship managers; but we have more recently found a growing understanding within banks of the need for enterprise virtual account products for complex business and government treasury operations. Such business customers are highly attractive to banks, so that we are able to provide partnering solutions for the more complex and demanding customer alongside generic solutions for the wider market. We see early signs of this very welcome development simultaneously in Australia and the UK, and to some extent in western continental Europe.

Recurring revenues covered 56% of all Cashfac costs, including Cashfac's investment in Slide and in new generation VBT. We expect continued growth in the recurring revenue numbers.

Slide is priced as a volume product so that this part of the business will consume cash over the near term. VBT is aimed at large businesses that benefit from productivity gains in transaction and client account processing and so VBT follows a licence pricing model with strong early cash flows. From a market perspective and a cash flow perspective the two products will be complementary.

We invested over 25% of top line revenue in Cashfac products during the year. We kept a close watch on the cash flow demands of our product investment and maintained the dividend to shareholders during the year. We fund our investment in product development wholly through revenue from trading and so we will continue to focus on cash flow as we scale up direct sales to corporate customers and the distribution of Slide.

Although we made significant headway with some bank partners during the year, compliance and operational challenges were a priority for many banks in 2019, which affected the ability of banks to focus on new product.

We saw a widening gap between the high resilience of Cashfac Cloud based operations and the high maintenance traditional installations. We made important headway on the promotion of Cashfac Cloud with long term customers towards the end of 2019 but the big beneficial impact of our drive towards Cashfac Cloud is more visible in the early months of financial 2020.

---

## CASHFAC INITIATIVE LIMITED

---

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

There is a high cost associated with traditional installations and a notably longer lead time in delivering new product and remedial work in them. This holds the business back in two ways: we must maintain capacity to support and provide enhancements in traditional architectures and in new Cloud based solutions. On the positive side, the historical resistance within the banks to Cloud, and to open source technologies that make delivery so much faster and cheaper, is falling away.

Although reaction to our Slide app was and continues to be very positive, the wider launch of Cashfac's Open Banking app was delayed by a year following a pathfinder launch late last year. The timetable has mostly been driven by the progress towards resilience of the bank portals that provide the data exchange that enables Open Banking. We aim for positive ratings registered on the AppStore and, as a consequence, we have been very cautious about a launch before what we considered to be a stable technical Open Banking environment. Unlike many Open Banking apps Slide is dependent on the continuous reconciliation across multiple mobile devices of bank-to-Slide data as the essential background for decision making and payments. We launched Slide to the wider market in mid-November 2019. On the basis that lending opportunities are revealed by Slide, we are now engaged in the search for lending channel partners to drive the distribution of the app.

#### **Leadership and Priorities**

The rapid change of technology, and the change in the political, social and regulatory environment is a challenge to any business. Cashfac has strong corporate governance and a tested formal structure for operational resilience and continuity throughout the business. Cashfac actively adapts to changes in its market and to emerging risks. The risks and the changing risk landscape are continuously monitored through a formal structure of risk management which reports to the Executive.

Our solutions are tightly integrated with the secure bank channels that businesses, service users and consumers trust and use every day. Our products and services to our customers, rely on our formal regime that maintains compliance with regulatory requirements, operational resilience and security controls and technical standards.

Since Cashfac became a regulated business in October 2018 (licensed by the Financial Conduct Authority as a Payment Service Provider) and with the expansion of regulations in the territories we operate, we have reassessed our risk profile and appetite, formalising much of the Governance, Risk and Compliance structures and best practice standards that were already in place across the Group, to further support us in managing evolving risks.

This included the establishment of key roles with the appointment of a Chief Risk Officer and Chief Technology Officer to help manage the increased risks posed to the business, in particular, to address the controlled functions and regulated activities that the Cashfac Group undertakes, both in the UK and globally.

The Chief Risk Officer role includes ownership of the strategic and operational risk framework and ensuring its alignment to business strategy. The Chief Risk Officer also has responsibility for Information Security and reports to both the Executive Committee and Group Board.

The Chief Technology Officer role has responsibility for shaping Cashfac's strategic direction in native cloud technology and progressive migration of Cashfac's customer base through each series of our Virtual Bank Technology.

Both roles are registered with the relevant Supervisory bodies for the management of the applicable regulated services (Controlled Functions). Further information on our Governance arrangements is provided in the Governance, Risk and Compliance section below.

---

## CASHFAC INITIATIVE LIMITED

---

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

#### **Governance, Risk and Compliance**

Cashfac is committed to high standards of governance, risk and compliance (GRC) and conducting its business in a fair, ethical and responsible manner. Sound GRC policies and practices are important for the operation of our business. It helps maintain shareholder value, maintain the confidence of customers and investors alike and enables transparency and accountability.

Like every business, Cashfac faces numerous risks. These risks have the potential to disrupt Cashfac's strategic and operational objectives, as well as damage our Customer business and reputation. It is our policy to conduct our business using a risk management framework to make better informed decisions, to reduce the level of risks to satisfactory levels and acceptable risk appetite.

The Cashfac PLC Board (the "Board") is responsible for promoting the success of the company by directing and supervising the Company's affairs, including setting the Group's risk appetite and establishing operating controls to assess and manage risk. Cashfac's Board consists of the Chairman and one other independent non-Executive Director and Executive Directors, all with relevant experience in Financial Services industry, Accounting, Business and Technology.

Cashfac's established framework for governance, risk management and compliance is based on a three lines of defence model. The Board delegates risk management to the Executive Committee, which then delegates operational direction to relevant management teams.

We regularly review our frameworks to ensure they meet our risk appetite. Our risk management framework is codified through our various policies, including information security and business standards, which set out the relevant risk strategy, appetite, framework and minimum requirements for our operations.

The Board has approved the following risk appetite statements, mitigation measures and outlook:

#### **Conduct of Business**

The Group is fully committed to operating its business in an ethical manner, to treating its customers fairly and has zero appetite for contractual or regulatory breaches, enforcement action or fines. Our long-term sustainability as a regulated business depends on us maintaining an effective compliance strategy, our value proposition and good relationships with customers, suppliers and other stakeholders.

We manage our regulatory, financial crime and conduct risks by adopting the appropriate principles for businesses as guided by the relevant authorities, and maintaining effective systems and controls for the identification, measurement and management of Fraud, Anti Money Laundering & Counter Terrorist Financing and Anti Bribery risks.

We regularly review our governance framework to ensure it reflects the relevant conduct of business rules applicable for both Cashfac as well as its customers. We ensure both Non-Executive and Executive Directors understand their responsibilities as "Senior Managers" accountable for "Controlled Functions" within the context of their regulated appointments. We ensure that those persons responsible for any regulated Controlled Functions maintain the relevant level of professional development and certified training.

The Board further ensures that its remuneration policies are benchmarked against industry standards to reduce risk of unethical behaviours and practices, unnecessary risk taking and conflicts of interests.

---

## CASHFAC INITIATIVE LIMITED

---

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

#### Business Continuity

In this complex and changing environment, business continuity failures pose significant risk to our operations and could threaten the ongoing viability of our business. Our business must be sufficiently resilient to endure, absorb and recover from disruptive operational incidents or events, to reduce the harm to our business and damage to our customers.

We remain committed to on-going investment in maintaining our business resilience and managing continuity risks by ensuring we conduct regular business impact analysis to identify both internal and external threats and vulnerabilities. Business impact analysis undertaken should address all risks including people risks (human error, skills and resource and succession planning), technological risks such as operational resilience, capacity management and emerging threats such as Cybersecurity, Major Incident Management, Terrorism or Political unrest, as well as other external risk events such as pandemics and natural disasters.

Continuity provisions should also provide an end-to-end view of the technology and resources required to support our operations, including identifying all critical processes, dependencies and any critical third parties or outsourced providers; and how we manage and respond to extended outages or disasters. Recovery testing, especially for critical technology, must be rigorous and cover different scenarios and verify that any relevant recovery point and time objectives are met; and any control gaps or new risks identified are addressed promptly.

Whilst Cashfac has always had disaster recovery plans in place for both scheduled tests and actual recovery activities, the business must remain vigilant of emerging threats or risk events that could significantly impact our ability to continue to operate our business and ensure our business continuity provisions remain effective.

#### Principal risks and uncertainties

##### Technology & Security risks

With the change to our regulated status and in a challenging environment and industry, we recognise the significant impact that technology risks pose to our own business. If these risks materialize, the financial, regulatory, and reputational implications can be severe.

The key technology risks affecting our business are generally industry related including: Cyber security and incident response, IT resiliency and continuity, third party technology, data management and privacy risks. This is in addition to the risks we face in our long-term development strategy and marketing of our own products and solutions. We must maintain an effective and evolutionary enhancement of our technology, to drive our technology forward against a competitive market.

We manage our technology and market risks by continuing to invest in and increasing our security architecture and operational controls, improving staff awareness and regularly reviewing and assessing Cyber Security and technology risks affecting business operations. The security of our operations is paramount and our on-going commitment in retaining our ISO27001 certification is testament to our business objectives.

We take pride in providing our customers with a sustainable solution to enable them to service their clients. We do this mainly by a combination of long-term service contracts, limit the risk of volatility in revenues and, update and reuse core software in these programmes and, wherever possible, in the new developments so that delivery to proposal is more certain. We continue to maintain a speculative development programme prudently funded by internal cash generation to refresh existing technology with new functionality and architecture and create new technology to extend the functional fringe of and sustain long-term marketability of our products.

---

## CASHFAC INITIATIVE LIMITED

---

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

#### Financial risks

Cashfac has adopted a sensible approach in managing financial risks. Whilst we actively seek some financial risks as part of our strategic business strategy, such as the internally funded investment in Slide, the Group has limited appetite for taking on unnecessary financial risks.

We review our business strategy quarterly, maintaining regular interaction with stakeholders to ensure we continue to meet our strategic objectives.

We carry out due diligence on any potential opportunities for expansion into new sales markets or verticals, contribute to industry developments such as Open Banking both in the UK and in Australia and exhibiting at industry events to continue to raise the profile of the business.

The Board has zero tolerance for financial accounting irregularities and misreporting. We are judicious in maintaining the relevant audit records for the integrity of our financial statements, managing internal financial controls; reviewing the validity of any rebate applications/claims and Group tax liabilities and monitoring the effectiveness, performance and objectivity of our external auditors.

We also manage other financial risks, such as the management and protection of our intellectual property rights, increasing the technical security policies across our operations to reduce risk of fraud, proactive approach to customer relationship management to reduce the risk of breach of contract and customer attrition, to protect our reputation and brand; and to maintain and maximise shareholder value.

#### Credit and Liquidity risk

Cashfac's prudent approach in managing financial risk naturally extends to credit and liquidity risks.

Our primary external credit risk is mainly attributable to trade receivables. The credit risk on liquid funds is limited because the counterparties are Banks with reasonable credit ratings assigned by international credit-rating agencies. These ratings are reviewed periodically to keep abreast of any adverse market conditions that expose us to unnecessary risks and exceed our risk appetite.

Internally, we manage credit and liquidity risks by monitoring delivery resources regularly, to ensure prompt and accurate revenue generation, utilising resources effectively and promptly addressing any delivery issues which could affect the accuracy of financial forecasts or give rise to loss of income/loss of revenue stream. The finance teams work very closely with all relevant stakeholders across the business to monitor cashflow for early detection of any potential debtor issues.

The Group has also sought to improve productivity by investing in various automated tools or processes to lessen administrative burden, better management reporting information enabling effective time and resource management and efficiencies.

The Group also regularly monitors its exposure to significant concentrations of credit risk and seeks to reduce this through working with many counterparties and Customers, maintaining long term service and recurring revenue contracts with its Customers, supporting our strategic partners to help them expand the number of clients and deposits held on their platforms, targeted and structured sales and marketing activities to further support Cashfac's commitment in the long-term sustainability of the business.



---

## CASHFAC INITIATIVE LIMITED

---

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

#### Ongoing concerns

##### Brexit

There remains uncertainty over the UK's future trading relationships, and the impact this has for economic growth, productivity and regulatory framework for companies such as ours.

Until the "Brexit" deal is done there is a risk of the market removal of the EU member benefit of "Freedom of Services" is significant.

We have addressed the loss of our ability to passport business into the EU, by setting up a subsidiary company, Cashfac Europe Limited in Ireland. This location was chosen to facilitate ease of business and transition. We will continue to closely monitor the developments and will seek independent advice and guidance, where appropriate, to review any transitional arrangements to bring legal certainty to our regulatory position, obligations and risk exposure.

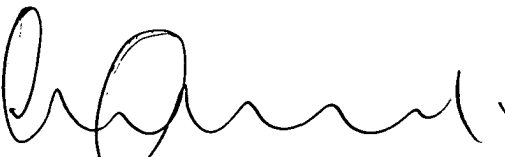
#### Market Conditions

We have a prudent approach to managing market risks and regularly monitor our exposures, including stagnation of market due to political uncertainty (e.g. Brexit), expansion of regulatory framework (e.g. PSD2, Open Banking, regulation of Fintech industry), changes to customer behaviour (longer sales cycle) as well as general market conditions and industry developments.

We continue to review our resources utilising the outsourced delivery team to help us meet the challenges of workforce availability in development. The flexibility of the arrangements allows us to scale up resources quickly to meet project requirements. We further increased the support for both UK and Australian delivery teams, to enable greater operational resilience.

We also invested significantly in our marketing strategy, in redefining our value proposition and messaging to our target audience, generate new interest, increase brand awareness as well as the successful pilot launch of new product, Slide, to maintain and grow our market position.

This report was approved by the board on 19 December 2019 and signed on its behalf.



**P W Ormrod**  
Founder & Executive Vice Chairman, Director

---

## CASHFAC INITIATIVE LIMITED

---

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

The directors present their report and the financial statements for the year ended 30 September 2019.

#### Principal activity

The principal activity of the company is the development, sale, operation and maintenance of cash management systems and client money systems that enable financial services and other businesses to manage cash operations more efficiently and to comply with stringent regulations over client money operations.

#### Results and dividends

The directors are pleased to report revenues of £8.6m (2018: £8.5m). Loss before tax was £208,314 (2018: profit £514,467). Cash at year end was £2.6m (2018: £3.0m).

#### Going concern

The directors review the company's budgets and cash flow forecasts on a regular basis, which include assumptions surrounding future revenue generation, the associated timing of cash receipts, expenditure and the receipt of corporation tax credits. From their review, the directors are satisfied that the company has adequate resources available to it, to continue as a going concern for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

#### Directors

The directors who served during the year and their interests in the company's issued share capital were:

	Ordinary shares of 10p each	
	30/9/19	1/10/18
P W Ormrod	1,560,701	1,541,701
K Stewart	14,158	14,158
H J McNally	13,602	13,602
R Wilson	4,852	4,852
J P J Ferguson	6,383	6,383
R T Cummings	-	-
L Cottrill (resigned 31 March 2019)	2,602	2,602
T J Stockton (resigned 31 March 2019)	4,000	4,000

---

**CASHFAC INITIATIVE LIMITED**

---

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

**Directors (continued)**

The directors had options to subscribe for ordinary shares in Cashfac Plc as follows:

	Option Price	30 September 2018 £	Exercised during the year £	Cancelled during the year £	Granted during the year £	30 September 2019 £
P W Ormrod	£1.30	75,000	-	-	-	75,000
P W Ormrod	£1.54	-	-	-	25,000	25,000
K Stewart	£1.03	50,000	-	-	-	50,000
K Stewart	£1.54	-	-	-	10,000	10,000
K Stewart	£1.24	-	-	-	1,741	1,741
H J McNally	£1.03	49,000	-	-	-	49,000
H J McNally	£1.54	-	-	-	44,349	44,349
H J McNally	£1.24	-	-	-	1,741	1,741
J P J Ferguson	£1.03	60,000	-	-	-	60,000
J P J Ferguson	£1.24	-	-	-	1,741	1,741
R T Cummings	£1.13	5,000	-	-5,000	-	-
R T Cummings	£1.54	-	-	-	350,000	350,000
L Cottrill	£1.03	5,000	-	-	-	5,000
L Cottrill	£1.54	-	-	-	45,000	45,000
L Cottrill	£1.24	-	-	-	1,741	1,741

---

## CASHFAC INITIATIVE LIMITED

---

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

#### Directors' responsibilities statement

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 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, 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Post balance sheet events

There have been no significant events affecting the company since the year end.

#### Disclosure of information to auditor

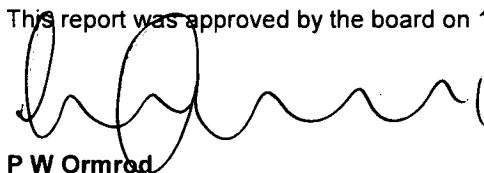
The directors confirm that:

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

#### Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 19 December 2019 and signed on its behalf.



**P W Ormrod**  
Founder & Executive Vice Chairman, Director



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASHFAC INITIATIVE LIMITED

---

### Opinion

We have audited the financial statements of Cashfac Initiative Limited (the 'company') for the year ended 30 September 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

### Conclusions relating to going concern

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

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



---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASHFAC INITIATIVE LIMITED  
(CONTINUED)**

---

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which 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.



Grant Thornton

---

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASHFAC INITIATIVE LIMITED  
(CONTINUED)**

---

**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

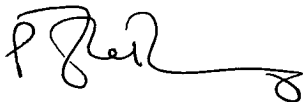
**Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

**Use of our report**

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.



Paul Flatley FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London Finsbury

19 December 2019

---

**CASHFAC INITIATIVE LIMITED**

---

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

	Note	2019 £	<i>As restated</i> 2018 £
Turnover	4	8,557,863	8,510,620
Distribution costs		(601,291)	(852,804)
<b>Gross profit</b>		<b>7,956,572</b>	<b>7,657,816</b>
Administrative expenses		(8,171,276)	(7,151,036)
<b>Operating (loss)/profit</b>	6	<b>(214,704)</b>	<b>506,780</b>
Interest receivable and similar income	10	9,586	10,512
Interest payable and expenses	11	(3,196)	(2,825)
<b>(Loss)/profit before tax</b>		<b>(208,314)</b>	<b>514,467</b>
Tax on (loss)/profit	12	499,589	299,880
<b>Profit for the financial year</b>		<b>291,275</b>	<b>814,347</b>

There was no other comprehensive income for 2019 (2018: £Nil).

The notes on pages 16 to 33 form part of these financial statements.

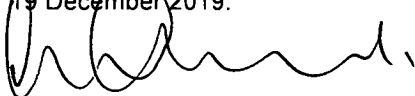


**CASHFAC INITIATIVE LIMITED**  
**REGISTERED NUMBER:02570541**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2019**

	Note	2019 £	As restated 2018 £
<b>Fixed assets</b>			
Intangible assets	13	6,899,219	5,729,297
Tangible assets	14	84,095	112,127
		<u>6,983,314</u>	<u>5,841,424</u>
<b>Current assets</b>			
Debtors	15	5,371,371	5,352,444
Cash at bank and in hand	16	2,577,086	3,015,833
		<u>7,948,457</u>	<u>8,368,277</u>
Creditors: amounts falling due within one year	17	(1,904,885)	(1,833,130)
Deferred income		(1,235,304)	(1,259,780)
		<u>4,808,268</u>	<u>5,275,367</u>
<b>Net current assets</b>			
		<u>4,808,268</u>	<u>5,275,367</u>
<b>Total assets less current liabilities</b>		<u>11,791,582</u>	<u>11,116,791</u>
Creditors: amounts falling due after more than one year	18	(2,425,672)	(2,425,672)
Preference shares	18	(75,000)	(75,000)
Deferred tax provision	18	(1,010,193)	(821,161)
		<u>8,280,717</u>	<u>7,794,958</u>
<b>Net assets</b>		<u>8,280,717</u>	<u>7,794,958</u>
<b>Capital and reserves</b>			
Called up share capital	20	1,276	1,276
Share premium account	21	330,164	330,164
Other reserves	21	234,216	40,492
Profit and loss account	21	7,715,061	7,423,026
		<u>8,280,717</u>	<u>7,794,958</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 December 2019.



**P W Ormrod**  
Director

The notes on pages 16 to 33 form part of these financial statements.

**CASHFAC INITIATIVE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Called up share capital	Share premium account	Share option reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2018 (as restated)	1,276	330,164	40,492	7,423,026	7,794,958
<b>Comprehensive income for the year</b>					
Profit for the year after tax	-	-	-	291,275	291,275
<b>Total comprehensive income for the year</b>	-	-	-	291,275	291,275
Share options movement	-	-	193,724	760	194,484
<b>Total transactions with owners</b>	-	-	193,724	760	194,484
<b>At 30 September 2019</b>	<b>1,276</b>	<b>330,164</b>	<b>234,216</b>	<b>7,715,061</b>	<b>8,280,717</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2018**

	Called up share capital	Share premium account	Share option reserve	Profit and loss account (restated)	Total equity
	£	£	£	£	£
At 1 October 2017 (as previously stated)	1,276	330,164	77,685	7,225,241	7,634,366
Prior year adjustment	-	-	-	(653,755)	(653,755)
At 1 October 2017 (as restated)	1,276	330,164	77,685	6,571,486	6,980,611
<b>Comprehensive income for the year</b>					
Profit for the year after tax	-	-	-	814,347	814,347
<b>Total comprehensive income for the year</b>	-	-	-	814,347	814,347
Share options movement	-	-	(37,193)	37,193	-
<b>Total transactions with owners</b>	-	-	(37,193)	37,193	-
<b>At 30 September 2018</b>	<b>1,276</b>	<b>330,164</b>	<b>40,492</b>	<b>7,423,026</b>	<b>7,794,958</b>

The notes on pages 16 to 33 form part of these financial statements.

---

## CASHFAC INITIATIVE LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

#### 1. General information

Cashfac Initiative Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at 50 Mark Lane, London, EC3R 7QR.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Restatement

During the year, the Directors have received advice on the accounting treatment in relation to deferred tax provision arising on capitalised intangible assets in accordance with FRS 102. This relates to timing differences between tax refunds already received from the Revenue for which the Company has yet to amortise the related costs, which have been capitalised as part of intangible expenditure relating to product development within the Company statement of financial position. As a result, a deferred tax liability of £653,755 has been recognised in the opening reserves in the prior period with a corresponding movement in opening P&L reserves. A charge of £167,406 has been recognised in the income statement in the prior period with a corresponding increase in the deferred tax provision. The overall impact on the 2018 reported income statement is a reduction of profit after tax of £167,406.

##### 2.3 Going concern

The directors review the company's budgets and cash flow forecasts on a regular basis, which include assumptions surrounding future revenue generation, the associated timing of cash receipts, expenditure and the receipt of corporation tax credits. From their review, the directors are satisfied that the company has adequate resources available to it, to continue as a going concern for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

---

## CASHFAC INITIATIVE LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

#### 2. Accounting policies (continued)

##### 2.4 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.

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

The attributable profit on long-term contracts is recognised once their outcome can be assessed with reasonable certainty. The profit recognised reflects the proportion of work completed to date on the project.

##### 2.5 Cashflow statement

The company has taken an exemption available under Companies Act not to prepare a Cashflow statement, as its cashflows are included in the consolidated financial statements of Cashfac plc, its parent company.

##### 2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost mode, intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Intangible Assets are amortised over a 5 year period on a straight line basis.

##### 2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Leasehold improvements	-	25% per annum
Fixtures and fittings	-	25% per annum
Computer equipment	-	100% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

---

## CASHFAC INITIATIVE LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

#### 2. Accounting policies (continued)

##### 2.8 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 product.

##### 2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.11 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

---

## CASHFAC INITIATIVE LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

#### 2. Accounting policies (continued)

##### 2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### 2.13 Foreign currency translation

###### Functional and presentation currency

The company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

##### 2.14 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.15 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard on 01 October 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

---

**CASHFAC INITIATIVE LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

**2. Accounting policies (continued)**

**2.16 Pensions**

**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

**2.17 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**2.18 Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

---

## CASHFAC INITIATIVE LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

#### 2. Accounting policies (continued)

##### 2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income 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 income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

##### 2.20 Share based payments

Certain group employees and Directors are allowed to acquire shares of the company under share option schemes, the fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employee or director becomes unconditionally entitled to the options. The fair value of the options granted is measured using a Black Scholes model, taking account of the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest where forfeiture is due to performance criteria not being met during the life of the option.

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates.

Significant judgements relate to estimated costs to complete long term contracts which drive the revenue recognised on these contracts.

During the period, the Company granted share options to its employees. Significant judgements are made in respect of key assumptions included in the Black-Scholes model used to calculate the fair value of these share options. The company has used a set of comparable companies to calculate the volatility and assumed an exercise period of three years. This is in line with the strategic plans of the company. Additionally, a weighted average share price over 2 years has been used as an input in the model.



---

**CASHFAC INITIATIVE LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

**4. Turnover**

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Licensing fee	469,083	1,539,294
Implementation services	2,921,445	2,530,479
Maintenance and support services	5,167,335	4,440,847
	<u>8,557,863</u>	<u>8,510,620</u>

	2019 £	2018 £
United Kingdom	7,055,106	5,119,972
Rest of Europe	1,019,124	984,578
Rest of the world	483,633	2,406,070
	<u>8,557,863</u>	<u>8,510,620</u>

**5. Distribution expenses**

Distribution expenses are data centre fees and commission payments made in respect of turnover.

**6. Operating (loss)/profit**

The operating (loss)/profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	28,032	35,365
Amortisation of development expenditure	1,701,579	1,430,132
Exchange differences	24,388	63,888
Other operating lease rentals	220,135	208,629
	<u></u>	<u></u>

---

**CASHFAC INITIATIVE LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

**7. Auditor's remuneration**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	<b>20,500</b>	<b>16,000</b>
Auditor's remuneration - non-audit - accounting services	<b>2,000</b>	<b>2,000</b>
Fees payable to the Company's auditor and its associates in respect of: Taxation compliance and advisory services	<b>20,800</b>	<b>13,750</b>
Accountancy services	<b>2,000</b>	<b>1,750</b>
All other services	<b>1,800</b>	<b>22,925</b>

**8. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>4,828,512</b>	<b>4,419,950</b>
Social security costs	<b>545,492</b>	<b>561,055</b>
Cost of defined contribution scheme	<b>120,885</b>	<b>48,996</b>
	<b>5,494,889</b>	<b>5,030,001</b>

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
Development and managed services	<b>48</b>	<b>55</b>
Sales and consultancy	<b>14</b>	<b>18</b>
Administration	<b>13</b>	<b>12</b>
	<b>75</b>	<b>85</b>

---

CASHFAC INITIATIVE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	1,080,245	1,316,786
Company contributions to defined contribution pension schemes	29,938	23,851
	<u>1,110,183</u>	<u>1,340,637</u>

During the year retirement benefits were accruing to 8 directors (2018: 9) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £240,912 (2018: £255,727).

10. Interest receivable

	2019 £	2018 £
Other interest receivable	<u>9,586</u>	<u>10,512</u>

11. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	<u>3,196</u>	<u>2,825</u>

---

CASHFAC INITIATIVE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

12. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	649,860	291,422
Adjustments in respect of previous periods	-	6,010
<b>Total current tax</b>	<u>649,860</u>	<u>297,432</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(150,271)	2,448
<b>Total deferred tax</b>	<u>(150,271)</u>	<u>2,448</u>
<b>Taxation on profit on ordinary activities</b>	<u>499,589</u>	<u>299,880</u>

---

**CASHFAC INITIATIVE LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

**12. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018: *lower than*) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	As restated 2018 £
(Loss)/profit on ordinary activities before tax	<u>(208,314)</u>	<u>514,463</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	39,580	(97,749)
<b>Effects of:</b>		
Income not taxable for tax purposes	-	463,659
Expenses not deductible for tax purposes	(200,720)	(275,427)
Other differences	(7,489)	-
Adjustments to tax charge in respect of prior periods	9,863	(167,406)
Enhanced tax relief on R&D expenditure	640,907	383,145
Adjust opening deferred tax to average rate	17,448	-
Movement in tax rates	-	(12,353)
Deferred tax not recognised	-	6,011
<b>Total tax credit for the year</b>	<u><b>499,589</b></u>	<u><b>299,880</b></u>

**Factors that may affect future tax charges**

Trading losses of approximately £3,591,218 (2018: £3,591,218) have been carried forward and are available for set-off against future trading profits.

---

CASHFAC INITIATIVE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

13. Intangible assets

	Development costs £
<b>Cost</b>	
At 1 October 2018	10,594,603
Additions	2,871,501
At 30 September 2019	<u>13,466,104</u>
<b>Amortisation</b>	
At 1 October 2018	4,865,306
Charge for the year	1,701,579
At 30 September 2019	<u>6,566,885</u>
<b>Net book value</b>	
At 30 September 2019	<u>6,899,219</u>
At 30 September 2018	<u>5,729,297</u>

Development costs are amortised over the period of expected future sales of the related projects up to a maximum of five years.

**CASHFAC INITIATIVE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**14. Tangible fixed assets**

	Leasehold improvements £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>			
At 1 October 2018	336,432	151,367	487,799
At 30 September 2019	336,432	151,367	487,799
<b>Depreciation</b>			
At 1 October 2018	262,656	113,016	375,672
Charge for the year on owned assets	18,445	9,587	28,032
At 30 September 2019	281,101	122,603	403,704
<b>Net book value</b>			
At 30 September 2019	55,331	28,764	84,095
At 30 September 2018	73,776	38,351	112,127

**15. Debtors**

	2019 £	2018 £
<b>Due after more than one year</b>		
Deferred tax asset	640,907	604,002
<b>Due within one year</b>		
Trade debtors	879,980	1,122,436
Amounts owed by group undertakings	2,147,654	1,921,699
Other debtors	7,092	19,788
Prepayments and accrued income	1,053,975	1,219,681
Tax recoverable	641,763	464,838
	5,371,371	5,352,444

---

CASHFAC INITIATIVE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

**16. Cash and cash equivalents**

	2019 £	2018 £
Cash at bank and in hand	<u>2,577,086</u>	<u>3,015,833</u>

**17. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	574,801	552,800
Amounts owed to group companies	450,316	229,691
Taxation and social security	201,834	88,545
Accruals	677,934	962,094
	<u>1,904,885</u>	<u>1,833,130</u>

Taxation and social security creditor above includes £27,626 (2018: £Nil) of amounts due in respect of pension contributions.

**18. Creditors: Amounts falling due after more than one year**

	2019 £	2018 £
Amounts owed to group undertakings	2,425,672	2,425,672
Deferred tax liability	1,010,193	821,161
75,000 redeemable preference shares of £1 each	75,000	75,000
	<u>3,510,865</u>	<u>3,321,833</u>

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



---

**CASHFAC INITIATIVE LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

**19. Deferred taxation**

	<b>2019</b>	<i>As restated</i>
	<b>£</b>	<b>2018</b>
		<b>£</b>
<b>Deferred tax asset</b>		
At beginning of year	<b>604,002</b>	601,554
Charged to profit and loss	<b>36,905</b>	2,448
<b>At end of year</b>	<b>640,907</b>	<b>604,002</b>

Deferred tax asset arises on trading losses and recognised to the extent that it is probable that it will be utilised in the foreseeable future.

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Deferred tax provision</b>		
At beginning of year	<b>(821,161)</b>	(653,755)
Charged to profit and loss	<b>(189,032)</b>	(167,406)
<b>At end of year</b>	<b>(1,010,193)</b>	<b>(821,161)</b>

Deferred tax provision arises on timing differences between tax refunds already received for which the Group has yet to amortise the related costs in the profit and loss account.

---

CASHFAC INITIATIVE LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

20. Share capital

	2019 £	2018 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
12,760 (2018: 12,760) Ordinary shares of £0.10 each	<u>1,276</u>	<u>1,276</u>
	2019 £	2018 £
<b>Shares classified as debt</b>		
<b>Allotted, called up and fully paid</b>		
75,000 (2018: 75,000) Redeemable preference shares of £1.00 each	<u>75,000</u>	<u>75,000</u>

The rights attached to ordinary shares are to receive notice of, attend and vote at any general meeting of the company. They have a right to receive dividends *pari passu* with all other ordinary shares in the company after payment of any dividends payable to holders of the redeemable preference shares.

The rights attaching to the redeemable preference shares are:

- (a) 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.
- (b) The redeemable preference shares, owned by the parent company Cashfac Plc, 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.
- (c) In the event of a winding up the redeemable preference shares have priority over ordinary shares in the distribution of assets.
- (d) 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 18.

Share Options:

- (a) Employee share option scheme: Cashfac PLC operates an employee SAYE share option scheme under which options are granted to eligible employees of the company.  
2,385 options exercised in the year (2018: 53,587).
- (b) Other Options: Options have been granted under both approved and unapproved share option schemes in Cashfac plc.  
Nil options were exercised in the year (2018: 12,000).

---

**CASHFAC INITIATIVE LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

---

**20. Share capital (continued)**

Details of the number of employee and other share options and the weighted average exercise price outstanding during the year are as follows:

	2019 Number	2019 WEAP £	2018 Number	2018 WEAP £
Outstanding at prior year end date	275,385	1.11	613,961	1.18
Exercised during the year	(2,385)	0.83	(3,400)	1.5
Expired during the year			(196,000)	1.5
Exercised during the year			(8,600)	1.2
Expired during the year			(56,400)	1.2
Expired during the year	(5,000)	1.13	(5,000)	1.13
Expired during the year	(2,000)	1.03	(2,000)	1.03
Expired during the year			(12,989)	0.83
Exercised during the year			(53,587)	0.83
Granted during the year	376,686	1.54		
Granted during the year	242,663	1.54		
Granted during the year	63,836	1.24		
Expired during the year	(8,124)	1.24		
Outstanding at year end date	941,061	1.40	275,385	1.11

The Share Options outstanding at the end of the year including the grant date, maturity dates and exercise price are detailed below:

Grant Date	Maturity Date	Exercise price	Total No of options
Feb 2019	Feb 2024	£1.54	376,686
Feb 2019	Feb 2024	£1.54	242,663
Mar 2015	Mar 2020	£1.03	176,000
Mar 2019	Mar 2022	£1.24	55,712
July 2015	July 2020	£1.03	15,000
Dec 2016	Sep 2019	£1.30	75,000

**21. Reserves**

**Share premium**

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

**Profit and loss account**

Includes all current and prior period retained profits and losses.

**Share option reserve**

Represents the fair value of equity share options issued.

---

## CASHFAC INITIATIVE LIMITED

---

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

---

#### 22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £120,885 (2018: £48,996). Contributions totalling £27,626 (2018: £Nil) were payable to the fund at the reporting date and are included in creditors.

#### 23. Commitments under operating leases

At 30 September 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	246,004	232,648
Later than 1 year and not later than 5 years	347,046	546,514
	<u>593,050</u>	<u>779,162</u>

#### 24. Related party transactions

Accruals on note 17 include amounts payable of £35,000 (2018: £76,163) in respect of expenses due to directors of Cashfac Plc.

As a wholly owned subsidiary of Cashfac Plc, the company is exempt from the requirements of FRS 102, section 33 to disclose transactions with other members of the group headed by Cashfac Plc.

The directors of the company are considered to be key management personnel. Their total remuneration is disclosed in Note 9.

#### 25. Controlling party

Cashfac Initiative Limited is a wholly owned subsidiary of Cashfac Plc. Copies of the parent's group financial statements may be obtained from the Company Secretary at 50 Mark Lane, London, EC3R 7QR.