

TXT Services Limited

Annual report and financial statements

Registered number 08229001

28 February 2018



Contents

Company information	3
Directors' report	4
Statement of directors' responsibilities in respect of the directors' report and the financial statements	6
Independent auditor's report to the members of TXT Services Limited	7
Profit and Loss Account and Other Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes	12

Company information

Directors	Ellis Sher Caroline Walton
Company secretary	Ellis Sher
Company number	08229001
Registered office	2 nd Floor Moss House 15-16 Brook's Mews London W1K 4DS United Kingdom
Independent auditor	KPMG LLP 15 Canada Square London E14 5GL
Bank	Barclays Bank Level 11 Churchill Place London E14 5HP

Directors' report

The directors present their directors' report and audited financial statements of TXT Services Limited ('the Company') for the year ended 28 February 2018.

Principal activities

The principal activity of the company is to provide administrative services to MYJAR Treasury Limited, the financing company of MYJAR Group.

Business review

The business performed in accordance with management forecasts over the financial period ended 28 February 2018. The profit before taxation for the period was £268,533 (2017: £290,310), resulting in shareholders' funds of £980,735 (2017: £713,034) at the end of the period.

Future outlook

On 23 June 2016, the United Kingdom voted to leave the European Union. The impact of this decision on the Company is not yet known. In the immediate aftermath of the announcement the British Pound depreciated against the Euro which resulted in a slight increase in parts of the Group's cost base. The Company will continue to closely monitor economic data and borrower behaviour and adjust collection methodologies accordingly.

The High Cost Short Term Credit sector has had a turbulent 2018. MYJAR however has a relatively small and healthy back book, and is in a good position. We have an excellent relationship with the Financial Ombudsmen Service with industry leading uphold rates. Our ongoing commitment is to continue to improve internally and ensure all of our customers receive an outstanding MYJAR service, both past and present.

Proposed dividend

The directors do not recommend the payment of a dividend (2017: £nil).

Directors

The directors who held office during the year were as follows:

Ellis Sher

Andrew Dellow – resigned on 7 August 2018

Caroline Walton – appointed 16 May 2018

Mark Jackson – Appointed on 26 July 2016, resigned on 5 June 2017

Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year (2017: £nil).

Directors' report *(continued)*

Disclosure of information to auditor

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

Auditor

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

By order of the board



Caroline Walton
Director
2nd Floor Moss House
15-16 Brook's Mews
London
W1K 4DS
United Kingdom

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent and
- assess the company's ability to continue as going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TXT SERVICES LIMITED

Opinion

We have audited the financial statements of TXT Services Limited ("the company") for the year ended 28th February 2018 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28th February 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard, and the provisions available for small entities, in the circumstances set out in note 1 to the financial statements. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Paul Barron (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

04 December 2018

Profit and Loss Account

For the year ended 28/02/2018

	<i>Note</i>	2018 £	2017 £
Turnover	2	3,478,596	3,086,047
Administrative expenses		(3,156,958)	(2,795,737)
Operating profit		<u>321,638</u>	<u>290,310</u>
Share based payments		(53,105)	0
Profit before taxation		<u>268,533</u>	<u>290,310</u>
Tax on profit	6	(53,937)	(59,718)
Profit for the financial year		<u><u>214,596</u></u>	<u><u>230,592</u></u>

The above results were derived entirely from continuing operations

Other Comprehensive Income

For the year ended 28/02/2018

	2018 £	2017 £
Profit for the year	214,596	230,592
Other comprehensive income	-	-
Total comprehensive income for the year	<u><u>214,596</u></u>	<u><u>230,592</u></u>

Notes on pages 12 to 19 form an integral part of the financial statements

Balance Sheet

As at 28/02/2018

	<i>Note</i>	2018		2017
		£	£	£
Fixed assets				
Tangible assets	8	70,090		107,871
Current assets				
Debtors	9	13,439,326		9,924,961
Cash at bank and in hand		101,333		29,940
		13,540,659		9,954,901
Creditors: amounts falling due within one year	10	(12,630,014)		(9,349,738)
Net current assets		906,155		605,163
Total assets less current liabilities		980,735		713,034
Net assets		980,735		713,034
Capital and reserves				
Called up share capital	11	100		100
Share premium		53,105		0
Profit and loss account		927,530		712,934
Shareholders' funds		980,735		713,034

These financial statements were prepared under the small companies regime and were approved by the board of directors on 30 November 2018 and signed on its behalf by:



Caroline Walton
Director

Company registered number: 08229001

Notes on pages 12 to 19 form an integral part of the financial statements

Statement of Changes in Equity

	Called up Share Capital £	Share Premium account £	Profit and loss account £	Total equity £
Balance at 1 March 2016	100	-	482,342	482,442
Total comprehensive income for the period	-	-	230,592	230,592
Balance at 28 February 2017	100		712,934	713,034

	Called up Share Capital £	Share Premium account £	Profit and loss account £	Total equity £
Balance at 1 March 2016	100	-	712,934	713,034
Total comprehensive income for the period	-	53,105	214,596	267,701
Balance as of 28 February 2017	100	53,105	927,530	980,735

Notes on pages 12 to 19 form an integral part of the financial statements

Notes

(Forming part of the financial statements)

1 Accounting policies

TXT Services Limited (the “Company”) is a private company incorporated, domiciled and registered in England in the United Kingdom. The registered number is 08229001 and the registered address is Moss House, 15/16 Brooks Mews, Mayfair, London W1K 4DS.

These financial statements are prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS102”) Section 1A Small Entities as issued in September 2015. The presentation currency of these financial statements is sterling.

Under Section 1A of FRS 102 the Company is exempt from the requirements to prepare a Cash Flow Statement on the ground of its size.

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

1.1 Measurement convention

The financial statements are prepared on the historical cost basis

1.2 Going Concern

Having reviewed the Company’s cash requirements for the next twelve months, the directors confirm that they have a reasonable expectation that the Company has access to adequate resources to continue in operational existence and to meet its liabilities as and when they fall due for the foreseeable future. As company has positive net assets and is profitable, for this reason it is, the accounts have been prepared on a going concern basis.

1.3 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument. Basic financial assets (including debtors) are derecognised when the risk and reward with respect to the financial asset has been substantially transferred outside of the entity

Notes (continued)

Cash and cash equivalents

Cash in the balance sheet comprises cash in hand and current balances with banks and similar institutions.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Tangible fixed assets

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

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

- Furniture, fittings & Equipment 5 years

1.6 Turnover

Turnover represents the remuneration for the administrative services provided to MYJAR Treasury Limited, the financing company of MYJAR Group. Turnover is recognised on provision of these services.

1.7 Leases

Where applicable, any amounts payable under operating leases are charged to the profit and loss account in the period to which they relate.

Notes (continued)

1.8 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

2 Turnover

Turnover is derived from the principal activity of the Company in the United Kingdom.

Turnover may be analysed as follows:

	2018	2017
	£	£
Administrative services provided	3,478,596	3,086,047

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2018	2017
	£	£
Depreciation	37,781	37,874
Rent	148,536	148,536
Audit of these financial statements	14,129	14,129
Amounts receivable by the company's auditor and its associates in respect of:		
-Other services relating to taxation	2,250	2,538

Notes (continued)

4 Staff numbers and costs

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

	Number of employees	
	2018	2017
Management	7	7
Administrative	<u>18</u>	<u>14</u>
	<u>25</u>	<u>21</u>

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£	£
Wages and salaries	2,337,195	1,949,301
Social security costs	<u>242,397</u>	<u>227,035</u>
	<u>2,579,592</u>	<u>2,176,336</u>

5 Directors' Remuneration

	2018	2017
	£	£
Directors' remuneration	<u>706,250</u>	<u>539,426</u>

The aggregate of remuneration of the highest paid director was £477,274 (2017: £251,138)

£ 652 of company pension contributions were made on the directors' behalf during the year (2017: £nil).

Notes (continued)

6 Taxation

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

	2018	2017
	£	£
<i>Current tax</i>		
Current tax on income for the period	58,427	64,195
Adjustment in respect of prior periods	(-)	(6,992)
Total current tax	58,427	57,203
<i>Deferred tax</i>		
Origination and reversal of timing differences	(4,490)	2,515
Total deferred tax (note 7)	(4,490)	2,515
Total tax	53,937	59,718

Reconciliation of tax charge

	2018	2017
	£	£
Profit before tax	268,533	290,310
Current tax at 19.08% (2016: 20.08%)	51,249	58,073
Differences in tax rates on fixed asset movements	2,170	2,279
Adjustment in respect of prior years	(20)	(732)
Expenses not deductible	-	519
Adjustments in tax rates in deferred tax	538	(421)
Marginal relief	-	-
Total current tax recognised in profit and loss	53,937	59,718

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015 and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 28 February 2018 has been calculated based on these rates.

Notes (continued)

7 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018	2017	2018	2017	2018	2017
	£	£	£	£	£	£
Accelerated capital allowances	-	-	8,330	12,820	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net tax (assets) / liabilities	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

8 Tangible fixed assets

	Fixtures, fittings, and equipment £	Total £
Cost		
Balance at 1 March 2017	163,137	163,137
Additions	0	0
	<hr/>	<hr/>
Balance at 28 February 2018	163,137	163,137
	<hr/>	<hr/>
Depreciation		
Balance at 1 March 2017	55,266	55,266
Depreciation charge for the year	37,781	37,781
	<hr/>	<hr/>
Balance at 28 February 2018	93,047	93,047
	<hr/>	<hr/>
Net book value		
At 1 March 2017	107,871	107,871
	<hr/>	<hr/>
At 28 February 2018	70,090	70,090
	<hr/>	<hr/>

Notes (continued)

9 Debtors

	2018	2017
	£	£
Amounts owed by group undertakings	13,324,845	9,842,010
Prepayments and accrued income	114,381	82,851
Other debtors	100	100
	<hr/> 13,439,326	<hr/> 9,924,961

Amounts owed by group undertakings are interest free and repayable on demand.

10 Creditors: amounts falling due within one year

	2018	2017
	£	£
Accounts payable	645,959	429,798
Corporation tax	52,406	43,458
Deferred tax liability	8,330	12,820
Amounts owed to group undertaking	11,923,319	8,863,662
	<hr/> 12,630,014	<hr/> 9,349,738

Amounts owed to group undertakings are interest free and repayable on demand.

11 Share Capital

	2018	2017
	£	£
Allotted, called up and fully paid		
100 ordinary share of £1	100	100
	<hr/> 100	<hr/> 100

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes *(continued)*

12 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018 £	2017 £
Less than one year	157,850	148,536
	<u>157,850</u>	<u>148,536</u>

During the year £148,536 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £148,536).

13 Contingent liabilities

The Directors do not consider there to be any contingent liabilities.

14 Related Parties

The Company has taken the exemption allowed in FRS 102 from disclosing transactions with wholly-owned subsidiaries of the MYJAR group.

Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £706,251 (2017: £539,426).

15 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of MYJAR Holdings Limited, registered address 14 Britannia Place, Bath Street, St Helier, Jersey, JE2 4SU. The ultimate controlling party is Sumod Nominees Limited, a Jersey registered company.

16 Subsequent events

There are no significant events after the balance sheet date.