Company Registration No. 07751778

Faster Payments Scheme Limited

(a company limited by guarantee)

Report and Financial Statements

31 December 2015

Faster Payments Scheme Limited
Company Registration No. 07751778

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Company Registration No. 07751778

Report and Financial Statements 2015

Officers and professional advisers
(as at date of signing the report and financial statements)

Chairman

N Caplan

Directors

T C Castell
M Curran
D G Ingram
M Martin
J W Pettigrew
A Richter
D Sanders
P Scott
C F Tillotson
H E White
R White
M Wilson

Registered Office

2 Thomas More Square
London
E1W 1YN

Registered Number

07751778

Auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Strategic report

Principal activity

The principal activity of the Company in the period under review was operating and developing the payment system behind the clearing and settlement of real time automated payments in the UK, the Faster Payments Service (FPS). The Company plays a significant role in ensuring the smooth day to day operation of the payment system it controls, ensuring the continued integrity of the system, managing the systemic risk involved and contributing to the financial stability of the UK. The Company directly provides services to ten Payment Service Providers (PSP) (defined as Direct Participants) who are also guarantor members of the Company (defined as Members).

Risk management objectives and policies

As a Financial Market Infrastructure (FMI), Faster Payments Scheme Limited (FPSL) has a fully embedded and documented Enterprise Risk Management (ERM) Framework that supports decision making through the identification, measurement, management, monitoring and reporting of risk within a risk management process. This includes Risk Policies, Processes and Procedures along with Risk Appetite Statements and Tolerances.

FPSL manages a number of risk categories, the most inherently significant risks being:

- Third Party Supplier Failure Risk
- Cyber / Security Risk
- Direct Participant Operational Risk
- Legal / Regulatory Risk

The consequences of a significant central processing outage or an external failure of the settlement process (including Participant failure to meet settlement obligations) are severe enough to be afforded a range of controls to prevent the risk occurrence. These include service levels and monitoring, secure messaging, secure dual site processing and strict change control.

Since November 2015 the Company has fully mitigated settlement risk through a prefunding process where Participants' net settlement positions are fully offset by prefunded central bank money. This means that all credit and liquidity exposures are structurally eliminated within Settlement under all Participant failure scenarios.

Financial risk management

The significant financial assets of the Company are cash and amounts owed by related parties. Financial liabilities comprise amounts owed to Members and related parties.

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are insufficient to fund the obligations arising from liabilities as they fall due. There are many components of financial risk, however, due to the nature of the Company's business and the assets and liabilities contained within its balance sheet, the financial risks the Directors consider relevant to this Company are liquidity/cash flow risk, which has been mitigated by the set up of a Regulatory Reserve bank account to maintain cash in the event of a revenue shortfall. These risks are mitigated by the routine monitoring of the key management information.

As a result, the Company is not exposed to any significant financial risk through its financial assets and liabilities.

The main operational risk faced by the Company is disruption to the Faster Payments Service infrastructure, which is provided, under contract, by a third party. This risk is mitigated as noted above.

Strategic report (continued)

Review of business

The results for the year are set out on page 10. Turnover for the year amounted to £39,984,711 (2014: £34,212,790) and the result after taxation were £nil (2014: £nil).

Faster Payments Scheme Limited is the Payments Systems Operator (PSO) of the Faster Payments Service and a Financial Markets Infrastructure. The service provides real time 24 x 7 payments capability to UK consumers, businesses and government. As well as providing the delivery of all Standing Order Payments between UK banks, the service allows immediate payments to be initiated from mobile, internet and telephone banking channels.

In 2015 the service supported over 1 billion payments worth £1 trillion. Established in 2008, the service is now growing at an annual rate of around 15 per cent.

The service has been designated by HM Treasury under the Banking Act (2009) as systemically important and is therefore supervised, from a financial stability perspective, by the Bank of England. As such the company undertakes and publically discloses a risk review of its critical operations against the Committee on Payment and Market Infrastructures and International Organization of Securities Commissions (CPMI IOSCO) Principles for financial market infrastructures.

The Company has also been designated by HM Treasury as a Payment Systems Operator under the Financial Services (Banking Reform) Act 2014, and from 1st April 2015 became subject to economic regulation from the Payment Systems Regulator (PSR). The PSR's role is to promote competition, innovation and the interest of service users in payments.

The Company contracts, through membership agreements, with ten Payment Service Providers who are direct users of the Faster Payments Service. This participation is expected to expand over the next few years as a result of the company's new access model.

The Company outsources all its technology services and facilities provision to a small number of suppliers. The principle supplier of the FPS managed service is currently VocaLink Limited.

FPSL operates on a cost recovery basis only, and does not seek to make a profit for distribution.

The main change activity managed by the Company in 2015 has been the new access model programme, in which new technical aggregation solutions and assurance models are being developed to lower the cost and complexity of direct participation in the Company's real time 24 x 7 service for smaller Payment Service Providers.

Until 1 March 2015 the staff supporting the Company's operations were provided on an outsourced basis by UK Payments Administration Limited. In March 2015 the Company completed a TUPE process to bring all these previously outsourced staff into direct employment by the Company.

UK Payments Administration Limited remains the provider of facilities and other company services.

The Payment Systems Regulator has initiated two market reviews in its first year of operation that are relevant to the Company. The first into the ownership and control of VocaLink, the Company's principle outsource partner, the second into the provision of indirect access to payments systems, a service currently provided by four of the Company's Direct Participants. The Company has been deeply engaged with the PSR on these topics and expects the final set of remedies, if required, to be published in summer 2016.

Strategic report (continued)

The new access model for the Faster Payments Service is now coming into action. The Company expects this programme to result in 2 to 4 new participants in 2016, and potentially a further 4 to 8 in 2017. This change centrally addresses a principle concern of the PSR.

The results for the year and financial position of the Company are as shown in the annexed financial statements. The Company is expected to continue in business for the foreseeable future, with no significant changes in the nature of its business.

Approved by the Board of Directors and signed on behalf of the Board on xx June 2016.

C F Tillotson - Director
Date: 10 June 2016

Directors' report

The Directors present their report together with the financial statements of Faster Payments Scheme Limited ("the Company") for the year ended 31 December 2015.

Going Concern

The Company submits and agrees an annual budget with its company members, who provide the funding for its continuing operations. After reviewing expenditure commitments and expected cash flows, the Directors have formed a judgement that, at the time of approving the financial statements, there is a reasonable expectation that the Company has adequate resources, and is expected to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Dividends

No dividends will be distributed for the year ended 31 December 2015 (2014: £nil).

Directors’ report (continued)

Directors

The Directors and their alternates who served during the period under review, and up until the date of signing the Financial Statements were:

Independent Chairman	N Caplan
Chief Executive	C F Tillotson
Independent Director	D G Ingram
	T C Castell

Appointing Member	Director	Alternate Director
Barclays Bank PLC	J A Hutton (resigned 22 December 2015) P Scott (appointed 22 December 2015)	C Patterson (resigned 23 May 2016)
Citibank N.A.	A Sinha (resigned 3 March 2015)	J Walsh (resigned 3 March 2015)
	M Martin (appointed 12 June 2015)	J Walsh (appointed 12 June 2015)
Clydesdale Bank PLC	J W Pettigrew	D A W Belmore
Co-operative Bank p.l.c.	D Sanders	S Long
Northern Bank Limited	H E White	S J Pike
HSBC Bank plc	A Richter	M Clark (resigned 22 April 2015) S Yarham (appointed 12 June 2015)
Lloyds Bank plc	M Curran	E Witherow (resigned 8 December 2015) C Kramer (appointed 8 December 2015)
Nationwide Building Society	M D Roberts (resigned 12 October 2015) N Middleton (appointed 8 December 2015; resigned 8 April 2016)	K Oattes (resigned 12 October 2015) A Parker-Stewart (appointed 23 March 2016)
Santander UK plc	R White	E J Cooper (resigned 10 June 2015) K Smith (appointed 12 June 2015)
The Royal Bank of Scotland plc	D R Greig (resigned 1 March 2016) M Wilson (appointed 1 March 2016)	A Elworthy (resigned 7 May 2015) J Bye (appointed 12 June 2015)

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the period and remain in force at the date of this report.

Directors' report (continued)

Statement of Directors' responsibilities

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), and the new reporting standard FRS 102. 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 judgments and 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.

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Statement as to disclosure of information to the auditor

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

- as far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

BDO LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

On behalf of the Board**:**

C F Tillotson - Director
Date: 10 June 2016

Independent auditors' report to the members of

Faster Payments Scheme Limited

We have audited the financial statements of Faster Payments Scheme Limited for the year ended 31 December 2015, which comprises the Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditors' report to the members of

Faster Payments Scheme Limited

Matters on which we are required to report by exception

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

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

Leigh Wormald (Senior Statutory Auditor)

for and on behalf of BDO LLP (Statutory Auditor)
London, United Kingdom
14 June 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Faster Payments Scheme Limited
Company Registration No. 07751778

Statement of Comprehensive Income
For the year ended 31 December 2015

	Notes	2015 £	2014 £
Turnover	4	39,984,711	34,212,790
Administrative expenses		(40,004,759)	(34,232,182)
Operating Loss	5	(20,048)	(19,392)
Interest receivable and similar income	8	22,866	19,392
Loss on ordinary activities before taxation		2,818	-
Tax on loss on ordinary activities	9	(2,818)	-
Total comprehensive income for the financial year		-	-

All operations are continuing operations.

The notes on pages 13 to 23 form part of these financial statements

Faster Payments Scheme Limited
Company Registration No. 07751778

Statement of Financial Position as at 31 December 2015

	Notes	2015 £	2014 £
Fixed Assets			
Tangible Assets	10	10,878	16,501
Current assets			
Debtors	11	207,856	423,957
Cash at Bank		2,820,716	3,069,228
		3,028,572	3,493,185
Creditors: amounts falling due within one year	12	(858,359)	(1,699,264)
Net current assets		2,170,213	1,793,921
Total assets less current liabilities		2,181,091	1,810,422
Capital and reserves			
Called up share capital	13	-	-
Reserves	14	2,181,091	1,810,422
Total Reserves		2,181,091	1,810,422

The financial statements were approved and authorised for issue by the board on 10 June 2016 and were signed on its behalf by

C F Tillotson
Director

Faster Payments Scheme Limited
Company Registration No. 07751778

Statement of Cash Flows
for the year ended 31 December 2015

		2015	2014
		£	£
Net cash (utilised by)/generated from operating activities	15	(267,437)	835,340
Purchase of tangible fixed assets		(3,941)	(24,752)
Interest Received		22,866	19,392
Net cash inflow/(outflow) from investing activities		18,925	(5,360)
Net (decrease)/increase in cash and cash equivalents		(248,512)	829,980
Cash and cash equivalents at the beginning of the year		3,069,228	2,239,248
Cash and cash equivalents at the end of the year		2,820,716	3,069,228

Notes to the financial statements
Year ended 31 December 2015

1. General Information

Faster Payments Scheme Limited ("the Company") is a Company limited by guarantee, incorporated in United Kingdom under the Companies Act. Its registered office is 2 Thomas More Square, London E1W 1YN.

2. Accounting Policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 19.

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 Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.3 Revenue

The Company operates and develops the payment system behind the clearing and settlement of real time automated payments as detailed in the Company's principal activities.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

The principle supplier of the FPS managed service is currently VocaLink Limited, who invoice and collect the charges on behalf of the Company. The income and costs associated with the managed service operated by VocaLink Limited are recognised by the Company as the terms of the contract state that the ultimate liability of the service provided by VocaLink Limited rests with the Company. The Company fulfils the general duties of a principal rather than an agent.

The following criteria must also be met before revenue is recognised:

Administrative services

The Company provides scheme management services to organisations in the payments industry. The Company recognises revenue on the sales of services in the reporting period in which the services are rendered. Where payments for services is made in advance of the service being performed the Company defers this income and matches it in the period when the service is performed and the Company's obligations have been extinguished.

Interest income

Interest income is recognised when the right to receive payment is established.

2.4 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical costs included the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Computer equipment	- 33% straight line

2.5 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.

2.6 Financial instruments

Financial Assets

Basic financial assets, including trade debtors and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial Liabilities

Basic financial liabilities, including trade and other payables that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

2.7 Foreign currency translation

Functional and presentation currency

The company's functional and presentation currency is the pound sterling.

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.

2.8 Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and stakeholder pension plans.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received. A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of Financial Position date.

Stakeholder pension plan

The Company operates a defined contribution stakeholder pension 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 when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds. Contributions are also paid into private pension funds for those staff who have chosen not to join the stakeholder scheme.

Annual bonus plan

The Company operates an annual bonus plan for some employees. An expense is recognised in the profit and loss account when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Termination Benefits

The Company is committed, by legislation and/or contractual obligations, to make payments to employees when the Company terminates their employment. Such payments are termination benefits. Because termination benefits do not provide the company with future economic benefits, the Company recognises these as an expense in the profit and loss account immediately. The Company will only recognise termination benefits as a liability and an expense only when the Company is demonstrably committed either

(a) To terminate the employment of an employee or group of employees before the normal retirement date or
(b) To provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The company measures termination benefits at best estimate of the expenditure that would be required to settle the obligation at the balance sheet date. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer. When termination benefits are due more than twelve months after the balance sheet date, the Company will measure these benefits at their discounted present value using an appropriate discount rate.

2.9 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current Tax

Tax is recognised in the income statement, except that a change 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

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised, if material, on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities are not discounted.

2.10 Provisions and contingencies

Provisions

Provisions for liabilities are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions for assets are only recognised when the flow of future economic benefits to the company is virtually certain.

Contingencies

Contingent liabilities are not recognised. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outlay of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the company’s control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

2.11 Related party transactions

The company discloses transactions with Member Companies and to a Company with common ownership. It does not disclose transactions with members of the same group that are wholly owned.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

Useful economic life of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual value of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the property, plant and equipment, and note 2.4 for the useful economic lives for each class of assets.

Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors.

4. Turnover

All turnover arising from the rendering of services to the payments industry during the year has arisen from UK based activities.

5. Operating loss

The operating profit is stated after charging:

	2015	2014
	£	£
Fees payable to the Company's auditors for the audit of the Company's annual accounts	10,500	8,730
Depreciation	9,564	8,251
Defined contribution pension cost	161,614	-

Notes to the financial statements
Year ended 31 December 2015

6. Staff Costs

	2015	2014
Employee Costs during the year were:	£	£
Wages and salaries	1,407,039	-
Social Security Costs	217,387	-
Cost of defined contribution scheme	161,614	-
	1,786,040	-

Average number of employees:		
Administrative	32	-

On 1 March 2015 all staff were TUPE'd from UK Payments Administration Limited to Faster Payments Scheme Limited.

7. Directors' Remuneration

	2015	2014
	£	£
Directors Emoluments	492,685	331,058
Highest paid director	382,685	231,058

Included in the remuneration of the highest paid director is £71,285 for back pay for 2014 and £55,000 accrued for an LTIP introduced in 2015, and deferred until 2018.

There were no contributions to directors' pension schemes, however the remuneration of the highest paid Director includes a cash allowance of 12% of salary in lieu of a pension contribution.

8. Interest Receivable

	2015	2014
	£	£
Bank Interest Receivable	22,866	19,392

Notes to the financial statements
Year ended 31 December 2015

9. Taxation

	2015	2014
	£	£
Corporation Tax		
Current Tax on profits for the year	14,562	-
Foreign Tax	-	-
Total current tax	14,562	-
Deferred Tax	(11,744)	-
Total Deferred Tax	(11,744)	-
Taxation on profits on ordinary activities	2,818	-

Factors affecting the tax charge for the current year

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK 20% (2014: 20%). The differences are explained below:

	2015	2014
	£	£
Profit on ordinary activities before taxation	2,818	-
Tax at 20% thereon (2014: 20%)	(19)	-
Effects of:		
Expenses not deductible for tax purposes	1,533	-
Other adjustments	1,304	-
Adjustment relating to prior periods	-	-
Current tax charge for the year	2,818	-

There is a closing deferred tax asset in respect of losses carried forward of £nil (2014: £nil) at the corporation tax rate of 20%. The deferred tax asset is not being recognised as there is uncertainty over the future recoverability of the asset.

Notes to the financial statements
Year ended 31 December 2015

10. Fixed Assets

	Computer Equipment	Total
	£	£
Cost		
At 1 January 2015	24,752	24,752
Additions	3,941	3,941
At 31 December 2015	28,693	28,693
Depreciation		
At 1 January 2015	(8,251)	(8,251)
Charge for the year	(9,564)	(9,564)
At 31 December 2015	(17,815)	(17,815)
Net Book Value		
At 31 December 2015	10,878	10,878
At 31 December 2014	16,501	16,501

11. Debtors: amounts falling due within one year

	2015	2014
	£	£
Trade Debtors	227	-
Amounts due from UK Payments Administration Limited	15,018	38,126
VAT	39,688	378,242
Other Debtors	20,595	-
Deferred Tax	11,744	-
Prepayments and accrued income	120,584	7,589
	207,856	423,957

Notes to the financial statements
Year ended 31 December 2015

12. Creditors: amounts falling due within one year

	2015	2014
	£	£
Trade creditors	242,796	12,393
Corporation Tax	14,578	16
Social secuity and other taxes	79,743	-
Other creditors	1,280	-
Amounts due to Members	379,006	1,537,101
Accruals and deferred income	140,957	149,754
	858,360	1,699,264

13. Called up share capital

The Company was formed on 24 August 2011 as a private Company limited by guarantee. At the date of this report there were ten Members, whose guarantee in the event of winding up the Company is a sum not exceeding £1 each.

14. Regulatory Reserve

	2015	2014
	£	**£**
Balance at 1 January 2015	1,810,422	1,773,482
Capital contribution received in the year	370,669	36,940
Closing reserves	2,181,091	1,810,422

The Reserves are capital contributions from members and are a regulatory requirement of the Committee on Payment and Market Infrastructures – International Organisation of Securities Commissions (CPMI-IOSCO) Principles for Financial Market Infrastructures.

15. Notes to the statement of cash flows

	2015	2014
	£	£
Cash Flow from operating activitiees		
Profit for the financial year	-	-
Adjustments for		
Depreciation	9,564	8,251
Interest Received	(22,866)	(19,392)
Taxation	14,562	(4)
Increase in reserves	370,669	36,940
Decrease in debtors	216,101	251,324
(Decrease)/Increase in creditors	(855,466)	558,221
Net cash generated from operating activities	(267,436)	835,340

16. 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 £161,614 relating to deductions made from employees through the Company payroll for the stakeholder pension scheme administered by UK Payments Administration Limited on behalf of the Company. Contributions totalling £nil were payable to the fund at the balance sheet date and are included in creditors

17. Related party transactions

(a) Turnover
The Company's turnover, £39,984,711 (2014: £34,212,790), is derived from fees and charges made to Member companies and Mobile Payments Service Company Limited, a Company with common ownership, for services provided.

(b) Management Charges and Outsourced Services
The Company paid £36,780,644 (2014: £33,627,892) during the year for management services to UK Payments Administration Limited and outsourced services to VocaLink Limited and Bacs Payment Schemes Limited, Companies with common ownership.

(c) Debtors & Creditors
The amounts due from or to member companies and due from or to UK Payments Administration Limited are set out in notes 11 and 12.

All related party transactions are conducted at arm’s length.

18. Ultimate parent company

There is no ultimate controlling party.

Notes to the financial statements
Year ended 31 December 2015

19. First Time adoption of FRS102

This is the first year that the company has presented its financial statements under Financial Reporting Standard 102 issued by the Financial Reporting Council and the date of transition to FRS102 was 1 January 2014.

The policies applied under the entity's previous accounting framework are not materially different to FRS102 and have not impacted on equity or profit or loss.