

**Company Registration No. 07751778**

**Faster Payments Scheme Limited**

(a company limited by guarantee)

**Report and Financial Statements**

**31 December 2013**

**Faster Payments Scheme Limited**  
Company Registration No. 07751778

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Faster Payments Scheme Limited  
Company Registration No. 07751778

## **Report and Financial Statements 2013**

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

#### **Chairman**

N Caplan

#### **Directors**

J A Hutton  
M Curran  
D R Greig  
H E White  
J W Pettigrew  
A Richter  
M D Roberts  
D Sanders  
A Sinha  
R White  
C F Tillotson  
D G Ingram  
T C Castell

#### **Secretary**

UK Payments Administration Limited

#### **Registered Office**

2 Thomas More Square  
London  
E1W 1YN

#### **Registered Number**

07751778

#### **Auditor**

Deloitte LLP  
London

## 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 2013. This Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemptions.

### 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. 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.

### 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 and 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 infrastructure, which is provided by a third party.

### Review of business

The results for the year are set out on page 7. Turnover for the year amounted to £2,967,364 (2012: £2,404,385) and the result after taxation were £nil (2012: £nil).

During the year, the company received capital contributions from its members in order to create a reserve which is a regulatory requirement of the Committee on Payment Settlement Systems – International Organisation of Securities Commission (CPSS-IOSCO) Principals for Financial Market Infrastructures.

### Going Concern

The Company submits and agrees an annual budget with its company members, who provide the funding for its continuing operations. After making enquiries, 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 2013 (2012: £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:

<b>Appointing Member</b>	<b>Director</b>	<b>Alternate Director</b>
Barclays Bank plc	M Brown (resigned 31 December 2013) J A Hutton (appointed 31 December 2013)	C Patterson (resigned 31 December 2013) C Patterson (appointed 31 December 2013)
Citibank	A Sinha	I Ali (resigned 17 March 2014)
Clydesdale Bank plc	D A W Belmore (resigned 30 January 2013) J W Pettigrew (appointed 30 January 2013)	L C Chambers (resigned 14 January 2013) D A W Belmore (appointed 30 January 2013)
Co-operative Bank plc. Danske	D Sanders A B Macrory (resigned 12 December 2013) H E White (appointed 12 December 2013)	J Jefferson S J Pike (resigned 12 December 2013) S J Pike (appointed 14 January 2014)
HSBC Bank plc	A Richter	M R Banyard (resigned 25 April 2013) M Clark (appointed 16 September 2013)
Lloyds TSB Bank plc	M Curran	I M Smith (resigned 13 February 2014) E Witherow (appointed 17 April 2014)
Nationwide Building Society	M D Roberts	K Oattes
Santander UK plc	R White	E J Cooper
The Royal Bank of Scotland Group plc	D R Greig	A Elworthy
Chairman	K C Brown (resigned 14 June 2013)	
Independent Chairman	N Caplan (appointed 14 June 2013)	
Managing Director	C F Tillotson	
Independent Director	D G Ingram (appointed 12 September 2013) T C Castell (appointed 13 June 2014)	

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 Annual 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). 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;
- state whether applicable UK Accounting Standards have been followed; and
- 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.

### 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

Deloitte 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: 12 September 2014

# **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 2013, which comprises the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 10. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to smaller entities).

This report is made solely to the Company's members, as a body, in accordance with 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **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 2013 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the 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 - (continued)**

### **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.

**Simon Hardy (Senior Statutory Auditor)**  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
29 September 2014



**Profit and loss account**  
**Year ended 31 December 2013**

		<b>2013</b>	<b>2012</b>
	Notes	£	£
<b>Turnover</b>	1	2,967,364	2,404,385
Administrative expenses		<u>(2,978,828)</u>	<u>(2,406,367)</u>
<b>Operating loss</b>	3	(11,464)	(1,982)
Interest receivable and similar income		<u>11,484</u>	<u>2,007</u>
<b>Result of ordinary activities before taxation</b>		20	25
Tax on profit on ordinary activities	4	<u>(20)</u>	<u>(25)</u>
<b>Result for financial year</b>		<u><u>-</u></u>	<u><u>-</u></u>

**Continuing operations**

All of the Company's activities were continuing operations.

**Total recognised gains and losses**

The Company has no recognised gains or losses for the current period as set out in the profit and loss account above, and hence no statement of total recognised gains and losses has been prepared.

**Balance sheet**  
**31 December 2013**

		2013	2012
	Notes	£	£
<b>Current assets</b>			
Debtors	5	675,281	261,999
Cash at Bank		<u>2,239,248</u>	<u>635,227</u>
		2,914,529	897,226
<b>Creditors: amounts falling due within one year</b>	6	<u>(1,141,047)</u>	<u>(897,226)</u>
<b>Net current assets</b>		<u>1,773,482</u>	<u>-</u>
<b>Total assets less current liabilities</b>		<u><u>1,773,482</u></u>	<u><u>-</u></u>
<b>Capital and reserves</b>			
Called up share capital	7	-	-
Reserves	8	<u>1,773,482</u>	<u>-</u>
<b>Total Reserves</b>		<u><u>1,773,482</u></u>	<u><u>-</u></u>

These financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Small Entities (Effective April 2008).

Approved by the Board and authorised for issue on 12 September 2014 and signed on behalf of the Board:

C F Tillotson  
Director

## Notes to the accounts Year ended 31 December 2013

### 1. Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### Basis of preparation of the financial statements

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (Effective April 2008) and in accordance with applicable United Kingdom law and Accounting Standards. In accordance with FRS1 the company has taken advantage of the small company exemption from preparing a cash flow statement.

#### Going concern

The business activities of the Company, together with the factors likely to affect its future development, performance and position are set out in the Directors' report. The financial position of the Company, reflect the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its acceptable level of exposure to liquidity risk.

The Company submits and agrees an annual budget to its members, who provide the funding for its continuing operations. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources 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.

#### Turnover

Turnover represents amounts for the provision of services to Members of the scheme and is accounted for on an accruals basis. All turnover has arisen from UK based activity.

#### Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### Deferred tax

In accordance with FRS 19 'Deferred Tax', deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

#### Amounts due to and from Members

Invoices are rendered to Members half yearly in advance.

### 2. Staff Costs

The Company had no employees during the year (2012: nil)

**Notes to the accounts**  
**Year ended 31 December 2013**

**3. Operating loss**

The operating loss is stated after charging:

	<b>2013</b>	<b>2012</b>
	£	£
Fees payable to the Company's auditors for the audit of the Company's annual accounts	<u>8,480</u>	<u>8,320</u>
Tax Services	<u>4,350</u>	<u>2,221</u>
	<u>4,350</u>	<u>2,221</u>
Directors' emoluments - remuneration and benefits in kind	<u>43,776</u>	<u>-</u>
Remuneration of the Chairman and highest paid Director	<u>29,167</u>	<u>-</u>

Industry Directors appointed under the Company's Articles of association, are remunerated by the Appointing Member, and accordingly no charge has been recognised. The Managing Director is remunerated by UK Payments Administration Limited (see Note 9b)).

**4. Taxation**

Taxation on the result on ordinary activities for the year was as £20.

	<b>2013</b>	<b>2012</b>
	£	£
Current tax:		
UK corporation tax at 20% based upon profit for the year (2012: 20%)	-	(25)
Adjustments in respect of prior years	<u>(20)</u>	<u>-</u>
	<u>(20)</u>	<u>(25)</u>

**Notes to the accounts**  
**Year ended 31 December 2013**

**4. Taxation (continued)**

**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% (2012: 20%). The differences are explained below:

	<b>2013</b>	<b>2012</b>
	£	£
Profit on ordinary activities before taxation	-	-
Tax at 20% thereon (2012: 20%)	-	-
Effects of:		
Expenses not deductible for tax purposes	-	(25)
Adjustment relating to prior periods	(20)	-
Current tax charge for the year	<u>(20)</u>	<u>(25)</u>

There is a closing deferred tax asset in respect of losses carried forward of £nil (2012: £25) 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.

**5. Debtors: amounts falling due within one year**

	<b>2013</b>	<b>2012</b>
	£	£
Trade Debtors	-	133,282
Amounts due from Members (Note 9c)	-	6,253
Amounts due from UK Payments Administration Limited (Note 9b)	48,785	64,041
VAT	618,693	6,270
Prepayments and accrued income	<u>7,803</u>	<u>52,153</u>
	<u>675,281</u>	<u>261,999</u>

**Notes to the accounts**  
**Year ended 31 December 2013**

**6. Creditors: amounts falling due within one year**

		<b>2013</b>	<b>2012</b>
		£	£
Trade creditors		16,527	-
Corporation Tax		20	25
Accruals and deferred income		120,231	97,201
Amounts due to Members	(Note 9c)	984,549	-
Amounts due to UK Payments Administration Limited	(Note 9b)	<u>19,720</u>	<u>800,000</u>
		<u><u>1,141,047</u></u>	<u><u>897,226</u></u>

**7. 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.

**8. Reserves and reconciliation of movements in total reserves**

	<b>2013</b>	<b>2012</b>
	£	£
Capital contribution received in the year	1,773,482	-
Opening reserves	<u>-</u>	<u>-</u>
Closing reserves	<u><u>1,773,482</u></u>	<u><u>-</u></u>

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

**Notes to the accounts**  
**Year ended 31 December 2013**

**9. Related party transactions**

(a) Turnover

The Company's turnover, £2,967,364 (2012: £2,404,385), is derived from fees and charges made to Member companies and Affiliates for services provided and for accreditation schemes.

(b) Management Charges

The Company paid £2,201,174 (2012: £1,865,032) during the year for management services to UK Payments Administration Limited, a Company 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 5 and 6.

**10. Ultimate parent company**

There is no ultimate controlling party.