

TRUST PAYMENTS LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

TRUST PAYMENTS LTD

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TRUST PAYMENTS LTD

COMPANY INFORMATION

Directors

D I Holden
J M Lindquist
M O Cilliers
M D V Rake

Registered number

11976895

Registered office

1 Royal Exchange
London
EC3V 3DG

Independent auditor

Blick Rothenberg Audit LLP
Chartered Accountants & Statutory Auditor
16 Great Queen Street
Covent Garden
London
WC2B 5AH

TRUST PAYMENTS LTD

GROUP STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

Business review

The group's principal activities have expanded in 2020 and now consist of the provision of integrated payment processing and merchant acquiring services, data management and loyalty products to global businesses and multinationals.

The business combines a scalable, global technology platform which supports credit/debit card and over 150 local payments, with its own Visa/Mastercard-licenced merchant services business (under the brand Acquiring.com) and Added Value Services for merchants, including customer behaviour mapping and loyalty / reward solutions.

This supports its Converged Commerce strategy of providing combined payments, data and loyalty services to help merchants grow their businesses across borders, and accessible across all channels (mobile, eCommerce, Point of Sale and integrated systems).

The directors consider Net Revenue, profit, merchant retention and Adjusted EBITDA to be the primary Key Performance Indicators of the group. In 2020, the group has seen total revenues grow strongly to £62.6m (six months ended 31 December 2019: £21.4m), Net Revenues have increased to £40.5m (six months ended 31 December 2019: £13.9m) which are defined as total revenues less interchange and scheme fees, and net merchant volume retention was over 100%.

Adjusted EBITDA is a non-GAAP performance measure and was £10.1m for year to 31 December 2020 (six months ended 31 December 2019: £0.1m), which is calculated as follows:

	Year ended 31 December 2020	Six months ended 31 December 2019
	£m	£m
Profit from operations	2.0	0.1
Depreciation and amortisation	3.5	1.5
Foreign exchange losses / (gains)	3.7	(1.5)
Non-recurring costs	0.9	-
Adjusted EBITDA	<u>10.1</u>	<u>0.1</u>

The majority of foreign exchange losses relate to the translation of intercompany balances at the year end exchange rate.

All merchant balances held at the group's regulated subsidiary, Trust Payments (Malta) Limited, are held in segregated bank accounts and as such meet the Payments Services Directive ('PSD2') safeguarding regime requirements.

Core operational profitability is very strong, and has supported key investments in technology, people and systems to drive scale and future growth.

Despite the turmoil of COVID, the business has transformed its operations, go-to-market strategy and product suite and has therefore driven exceptional growth in the year, whilst also building a solid base for scalable growth into the future.

At the year end, the group had cash and cash equivalents of £36.4m (2019: £18.8m) and net liabilities of £19.8m (2019: £7.4m) as a result of the loss for the period. The group is thinly capitalised, supported by securitised debt facility of £73.8m (2019: £58.1m) at rates between 14-20% which expire between Q2 and Q4 2022. Given the positive trajectory of the business, and its repositioning as a high-growth fintech, the management team is very confident that a re-capitalisation exercise in due course will provide an appropriate capital structure.

TRUST PAYMENTS LTD

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Description of principal risks and uncertainties

The turnover of the group consists of income from the provision of payment services, including merchant services and associated services, as well as data, fraud prevention and loyalty services. Sales are dependent on the group being able to continually offer its customers cost effective, versatile and reliable products while complying with ever changing demands of the environment in which it operates, including changes in global government and regulatory policies, and consumer behaviours.

The group, as it adapts to global changes in its markets, needs to ensure that it can maintain strong internal controls and procedures.

The group's principal financial instruments comprised cash in liquid resources and various items such as trade receivables and trade payables that arise directly from its operations and debt financing provided by investors.

The main risk arising from the group's financial instrument is liquidity risk. The group finances its operations through a mixture of share capital, income from sales and secured debt. Liquidity risk is monitored using a liquidity gap model which calculates the net cash flows of the group or of individual companies over time in order to detect any critical points in the expected liquidity. The total liquidity requirement is calculated as the sum of the negative gaps (outflows greater than inflows) recorded for each individual time period. Any positive gaps found in a time period are used to reduce negative gaps in subsequent periods.

Trade receivables are managed in respect of credit and cash flow risk by policies concerning the credit offered to purchasing authorities and the regular monitoring of amounts outstanding for both time and credit limits. The group has recently updated its monitoring of merchant debit balances so that reviews are undertaken on a more regular basis to mitigate this risk. Trade payables liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Foreign currency risk is the risk that the group will sustain losses through adverse movements in currency exchange rates. The group's business is impacted through its exposure to some of its fee income being in US dollars and Euros, but there is no inherent foreign exchange risk in the processing of non-like for like currencies for the merchant services business.

The group is exposed to the impact of changes in relationships with its customers and suppliers. It is a key task for the operational management in each business to maintain and develop relationships with customers and suppliers during the initial transition period and further into the future.

One member of the group, Trust Payments (Malta) Ltd is required to comply with the minimum capital requirements set out by the Malta Financial Services Authority ("MFSA"). The minimum capital requirement must be maintained at all times throughout the financial period. Trust Payments (Malta) Ltd its capital level on a regular basis. Any transactions that may potentially affect the capital requirements are immediately reported to the directors and shareholders for resolution prior to notifying the MFSA.

During the financial period ended 2020, Trust Payments (Malta) Ltd met at all times the minimum capital requirements imposed by the regulatory authority. As at 31 December 2020, the minimum capital requirement amounted to £1,717,955 (€1,904,388) (2019: £1,487,500 ((€1,750,000)) which is lower than the funds of Trust Payments (Malta) Ltd that were £5,858,915 (€6,494,724) 31 December 2020 (£5,648,184 (€6,645,089) at 31 December 2019).

Future developments

The general wave of digitisation for merchants has driven different buying behaviours and payment options, and the group is well positioned to capture the uptick in these dynamics.

As a truly omni-channel provider of payments, the group has expanded into Android-based point-of-sale terminals, integrated and mobile solutions for merchants and partners and developed a broader proposition for merchants. Going forward this expansion into Value Added Services, such as data solutions and loyalty, will continue and deepen within the chosen verticals. This will mean easier to use and better customer journeys beyond pure payments, and give customers and partners greater choice and support for their businesses.

TRUST PAYMENTS LTD

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

There has undoubtedly been strong growth in 2020, but the underlying investment in core operations and product changes has now positioned the business well for strong future scaling. In addition, the group has recently gained its FCA licence in the UK, to supplement the existing EU-based licence, which will ensure regulatory and operational continuity post-Brexit, and provide optimal dynamic payment routing options to our merchants.

Acquisitions

During 2020, the group purchased Mobilize Systems Ltd, an award-winning loyalty/reward and mobile-app development business. The propositions have been integrated to the group and further investments in technology and products are ongoing to build out strong combined solutions.

The business continues to seek non-organic growth through relevant, strategic acquisitions in its chosen vertical markets.

Coronavirus

On 11 March 2020 the World Health Organisation declared that the outbreak of Covid 19 represents a pandemic. The group's client base is diversified and we are not significantly exposed to the performance of individual sectors. The share of revenue derived from our customers in travel, hospitality and retail has declined since the social distancing measures were put in place in the countries in which we operate. Consequently, whilst the overall growth in 2020 was not delivered in the same way or in the same industries as originally planned, the business proved robust and refocused its sales and marketing efforts in other ways, including contactless and non physical methods of payment. In addition, as set out in note 2.3 to the financial statements, the directors have forecast that the business has sufficient funds available to continue to settle our liabilities, maintain capital adequacy requirements and maintain our planned capital spend.

Our staff are able to work at home effectively and we have experienced little operational disruption to our business.

Streamlined Energy Carbon Reporting

Under new requirements and an amendment made to the UK Companies Act 2006, Trust Payments Limited is required to report on energy usage and carbon emissions relating to our UK operations.

The energy consumption is limited to the office building in which we lease to operate our business.

The reporting of the emissions resulting from activities for which the company is responsible involving the combustion of gas or the consumption of fuel for the purpose of transport is not applicable. The consumption of fuel in employee-owned vehicles used for business purposes is outside the scope of this report.

Trust Payments Limited operates from one office within the UK and has reported on the emissions from the electricity it used. This has been obtained from gathering data from electricity, gas and water bills.

The data presented represents the 12 month period from 1 January 2020 to 31 December 2020.

Total energy consumption	399,772 kWh
Total water consumption	230 Cubic metres
Emissions from combustion of gas (scope 1)	21,552 kgCO ₂ e
Emissions from purchased electricity (scope 2)	65,976 kgCO ₂ e
Emissions from purchased water (scope 3)	79 kgCO ₂ e
Total gross emissions	87,607 kgCO ₂ e
Annual emissions per employee (UK FTE)	893 kgCO ₂ e/employee

TRUST PAYMENTS LTD

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

Comparison to previous financial year

As this is the first SECR report submitted by Trust Payments Limited, there is no comparison to the previous reporting year's carbon emissions or energy consumption.

Primary energy efficiency measures implemented

In the year ended 31 December 2020 the group has transitioned from using in-house servers to utilising a cloud based server. The cloud based platform selected can operate its servers in a more energy efficient manner due to economies of scale, hence reducing carbon emissions.

Methodology

The methodology used in the creation of this SECR report is consistent with the Greenhouse Gas (GHG) Protocol. Organisational boundaries and scoping of greenhouse gas emissions are based on this protocol while the primary energy efficiency measures highlighted qualitatively have been created upon energy management best practice and energy surveys undertaken onsite such as the Energy Savings Opportunity Scheme (ESOS).

UK Government GHG Conversion Factors for Company Reporting for the year 2020 have been utilised for combustion gas, location-based electricity, and transport carbon calculations as the majority of utilities were consumed within the year 2020.

Statement by the directors on performance of their statutory duties in accordance with S172 (1) Companies Act 2006

Section 172 (1)(a) to (f) requires the directors to act in the way they consider would be most likely to promote the success of the company for the benefit of its members, as a whole, with regard to the following matters:

a) The likely consequences of any decision in the long-term

The directors believe that they have acted in the way they consider, in good faith, to promote the long-term success of the group. Governance of the business is formalised in regular board meetings, with input from appropriate strategic advisors. Financial budgets until 2022 have been prepared allowing local and group management to assess the long-term impact of operational and strategic decisions.

b) The interests of the group's employees

The directors consider our people to be a key asset and the interests of our employees are considered when decisions are taken. The directors take care over the well-being and competency of staff via regular on the job training and consultations with employees. Significant investment in people and HR systems to promote good management, assessment and career development of people continues to be made in the group.

c) The need to foster the group's business relationships with suppliers, customers and others

The directors aim to work in partnership with customers and suppliers who reflected similar values and behaviours to the group. Resources have been designated to increase the number and consistency of our customer account management functions, as well as put in place strategic partnership roles for managing and communicating to current and potential suppliers. These resources include the development of social, ethical and environmental responsibility policies to ensure improved long-term position of the business.

d) The impact of the group's operations on the community and environment

The directors are mindful of the communities in which the business operates. Given the global nature of the business, with several regional sites in the UK, Malta and the USA, it is important to have appropriate support to local communities. Where practical, these differences are considered and supported, including working arrangements, supply and community relations. The group has developed social and environmental policies which are designed to reduce the impact of the group's activities on the environment. A standing committee on

TRUST PAYMENTS LTD

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

e) The desirability of maintaining a reputation for high standards of business conduct

As part of the financial services community, it is of vital importance that high standards of professional business conduct are maintained. Strong ethical and business rigour is embedded via onboarding training for new employees, and continued professional development programmes, delivered online, for existing employees. All employees are required to pass appropriate courses, such as anti-money laundering and data protection. The directors' intentions are to behave responsibly and ensure that management operate the business in a responsible manner, whilst adhering to the high standards of business conduct and good governance expected.

f) The need to act fairly between members of the group

The group has a number of subsidiary entities. As such, communication between the geographic locations, and the interplay between services or functions offered by different locations is vital.

Part of the business strategy is to support a group-wide deployment of our services seamlessly to the end-customer, regardless of which entity or geography they are deployed from. This is also of huge benefit to global enterprises or customers wishing to expand overseas.

Each member of the group is regularly updated about the performance of the group and provided with equivalent financial and strategic reports and updates. An executive management team, representing different areas of the business operates at a group-level.

In addition to this the group has appointed members to each subsidiary board to ensure that their interests are fairly reflected at this level and decisions made by the group are in line with the strategic aim of all members.

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

D I Holden
Director



Date: 31st MARCH 2021

TRUST PAYMENTS LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity

The group's principal activities consist of the provision of integrated payment processing and merchant acquiring services, data management and loyalty products to global businesses and multinationals.

Results and dividends

The loss for the year, after taxation, amounted to £13,157,741 (2019 -loss £3,910,886).

The directors do not recommend a dividend for the period.

Directors

The directors who served during the year were:

D I Holden
J M Lindquist
M O Cilliers (appointed 1 June 2020)
M D V Rake (appointed 29 July 2020)

Matters covered in the strategic report

As permitted by s414c(11) of the Companies Act 2006, the directors have elected to disclose information, required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', in the strategic report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

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


D I Holden
Director

Date: 31st MARCH 2021

TRUST PAYMENTS LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the group strategic report, directors' report and the consolidated financial statements, in accordance with applicable law.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law they have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the separate parent company financial statements under Financial Reporting Standard 101 (FRS 101 Reduced Disclosure Framework).

Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing the consolidated 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;
- state whether the group financial statements have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
- state whether the separate parent financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework, subject to any material departures disclosed and explained in the financial statements;
- assess the group's ability to continue as a 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 group 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent 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 group and to prevent and detect fraud and other irregularities.

TRUST PAYMENTS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRUST PAYMENTS LTD FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

We have audited the financial statements of TruST Payments Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the company statement of changes in equity and the notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the separate parent financial statements is applicable law and Financial Reporting Standard 101 (FRS 101 Reduced Disclosure Framework).

In our opinion the:

- financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- separate parent financial statements have been properly prepared in accordance with UK accounting standards, FRS 101 Reduced Disclosure Framework; and
- financial statements 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

TRUST PAYMENTS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRUST PAYMENTS LTD (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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.

Opinion 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 group 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 group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report or the directors' report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement on page 10, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

TRUST PAYMENTS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRUST PAYMENTS LTD (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- the engagement partner ensured that the engagement team, including significant component auditors, collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the technology sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation, employment legislation and Payment Card Industry Data Security Standards;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 3 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.
- reviewed the findings of audit work performed on journals and management override by auditors of significant components.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and Payment Card Industry Security Standards Council approved assessors.

TRUST PAYMENTS LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRUST PAYMENTS LTD (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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. 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.



David Hough (senior statutory auditor)

for and on behalf of

Blick Rothenberg Audit LLP

Chartered Accountants
Statutory Auditor

16 Great Queen Street
Covent Garden
London
WC2B 5AH

31 March 2021

TRUST PAYMENTS LTD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2020

		Year ended 31 December 2020 £	6 month period ended 31 December 2019 £
	Note		
Revenue	5	62,689,486	21,350,190
Cost of sales		(36,574,661)	(11,777,209)
Gross profit		26,114,825	9,572,981
Other operating income	6	281,779	338,494
Administrative expenses	4	(24,370,816)	(9,812,560)
Profit from operations		2,025,788	98,915
Finance expense	9	(13,536,884)	(3,276,643)
Fair value gains		131,250	102,532
Loss before tax		(11,379,846)	(3,075,196)
Tax expense	10	(1,777,895)	(835,690)
Loss for the year		(13,157,741)	(3,910,886)

TRUST PAYMENTS LTD

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31 December 2020 £	6 month period ended 31 December 2019 £
Loss for the year	(13,157,741)	(3,910,886)
Exchange gains/(losses) arising on translation on foreign operations	665,435	(272,998)
	<hr/> 665,435	<hr/> (272,998)
Other comprehensive income for the year, net of tax	<hr/> 665,435	<hr/> (272,998)
Total comprehensive income	<hr/> (12,492,306) <hr/>	<hr/> (4,183,884) <hr/>

TRUST PAYMENTS LTD**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Note	31 December 2020 £	31 December 2019 £
Assets			
Non-current assets			
Investment property	13	616,823	681,076
Property, plant and equipment	14	1,554,085	1,562,829
Other intangible assets	11	16,621,263	13,261,435
Goodwill	12	47,102,871	47,102,871
Deferred tax assets	10	2,122,913	456,748
		68,017,955	63,064,959
Current assets			
Cash and cash equivalents	26	36,439,700	18,762,920
Trade and other receivables	16	24,367,190	13,322,391
Investments held at fair value	25.2	9,509,861	6,434,544
		70,316,751	38,519,855
Total assets		138,334,706	101,584,814
Liabilities			
Non-current liabilities			
Loans and borrowings	18	75,484,632	59,221,615
Deferred tax liability	10	1,976,530	2,003,446
		77,461,162	61,225,061
Current liabilities			
Trade and other liabilities	17	80,479,556	46,437,655
Loans and borrowings	18	298,272	392,437
Provisions	19	-	941,639
		80,777,828	47,771,731
Total liabilities		158,238,990	108,996,792
Net liabilities		(19,904,284)	(7,411,978)

TRUST PAYMENTS LTD**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**
AS AT 31 DECEMBER 2020

	Note	31 December 2020 £	31 December 2019 £
Issued capital and reserves attributable to owners of the parent			
Share capital	20	100	100
Foreign exchange reserve		447,238	(218,197)
Retained earnings		(20,351,622)	(7,193,881)
Total Equity		<u>(19,904,284)</u>	<u>(7,411,978)</u>

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf by:



D I Holden
Director

Date: 31st MARCH 2021

The notes on pages 25 to 69 form part of these financial statements.

TRUST PAYMENTS LTD**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	Note	31 December 2020 £	31 December 2019 £
Assets			
Non-current assets			
Property, plant and equipment	14	11,976	113,921
Intangible assets	11	3,223,538	343,258
Investments	15	64,942,992	64,871,491
		<u>68,178,506</u>	<u>65,328,670</u>
Current assets			
Trade and other receivables	16	5,728,303	1,841,518
Cash and cash equivalents	26	1,253	1,658
		<u>5,729,556</u>	<u>1,843,176</u>
Total assets		<u>73,908,062</u>	<u>67,171,846</u>
Liabilities			
Non-current liabilities			
Loans and borrowings	18	73,818,363	57,368,206
		<u>73,818,363</u>	<u>57,368,206</u>
Current liabilities			
Trade and other liabilities	17	19,824,745	16,164,238
Loans and borrowings	18	-	105,397
		<u>19,824,745</u>	<u>16,269,635</u>
Total liabilities		<u>93,643,108</u>	<u>73,637,841</u>
Net liabilities		<u>(19,735,046)</u>	<u>(6,465,995)</u>

TRUST PAYMENTS LTD**COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)**
AS AT 31 DECEMBER 2020

	Note	31 December 2020 £	31 December 2019 £
Issued capital and reserves attributable to owners of the parent	21		
Share capital	20	100	100
Retained earnings		(19,735,146)	(6,466,095)
Total Equity		<u>(19,735,046)</u>	<u>(6,465,995)</u>

The company's loss and total comprehensive income for the year was £13,269,051 (2019 - £3,889,941).

The financial statements on pages 15 to 69 were approved and authorised for issue by the board of directors and were signed on its behalf by:



D I Holden
Director

Date: 31 March 2021

TRUST PAYMENTS LTD

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £	Foreign exchange reserve £	Retained earnings £	Total attributable to equity holders of parent £	Total equity £
At 1 July 2019	100	54,801	(3,282,995)	(3,228,094)	(3,228,094)
Comprehensive income for the period					
Loss for the period	-	-	(3,910,886)	(3,910,886)	(3,910,886)
Other comprehensive income	-	(272,998)	-	(272,998)	(272,998)
Total comprehensive income for the period	-	(272,998)	(3,910,886)	(4,183,884)	(4,183,884)
At 31 December 2019	100	(218,197)	(7,193,881)	(7,411,978)	(7,411,978)
At 1 January 2020	100	(218,197)	(7,193,881)	(7,411,978)	(7,411,978)
Comprehensive income for the year					
Loss for the year	-	-	(13,157,741)	(13,157,741)	(13,157,741)
Other comprehensive income	-	665,435	-	665,435	665,435
Total comprehensive income for the year	-	665,435	(13,157,741)	(12,492,306)	(12,492,306)
At 31 December 2020	100	447,238	(20,351,622)	(19,904,284)	(19,904,284)

TRUST PAYMENTS LTD

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £	Retained earnings £	Total equity £
At 1 July 2019	100	(2,576,154)	(2,576,054)
Comprehensive income for the period			
Loss for the period	-	(3,889,941)	(3,889,941)
Total comprehensive income for the period	<u>-</u>	<u>(3,889,941)</u>	<u>(3,889,941)</u>
At 31 December 2019	<u>100</u>	<u>(6,466,095)</u>	<u>(6,465,995)</u>
At 1 January 2020	100	(6,466,095)	(6,465,995)
Comprehensive income for the year			
Loss for the year	-	(13,269,051)	(13,269,051)
Total comprehensive income for the year	<u>-</u>	<u>(13,269,051)</u>	<u>(13,269,051)</u>
At 31 December 2020	<u>100</u>	<u>(19,735,146)</u>	<u>(19,735,046)</u>

TRUST PAYMENTS LTD

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	31 December 2020 £	31 December 2019 £
Cash flows from operating activities		
Loss for the year/period	(13,157,741)	(3,910,886)
Adjustments for		
Depreciation of property, plant and equipment	348,848	284,939
Depreciation of investment property	101,527	100,194
Amortisation of intangible fixed assets	3,084,671	1,107,641
Impairment of trade receivables	236,041	1,797,633
Change in value of investment	(131,250)	(102,532)
Finance expense	11,862,874	4,567,829
Exchange losses/(gains)	1,674,010	(1,291,186)
Income tax expense	1,777,895	835,690
	<u>5,796,875</u>	<u>3,389,322</u>
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(12,150,051)	596,506
Increase/(decrease) in trade and other payables	30,163,350	(3,076,315)
Increase in provisions	-	969,474
	<u>23,810,174</u>	<u>1,878,987</u>
Cash generated from operations	23,810,174	1,878,987
Income taxes paid	-	(83,667)
	<u>23,810,174</u>	<u>1,795,320</u>
Net cash from operating activities	23,810,174	1,795,320
Cash flows from investing activities		
Purchases of property, plant and equipment	(254,601)	(75,745)
Proceeds from disposal of property, plant and equipment	-	49,840
Purchase of intangibles	(6,425,576)	(1,150,110)
Purchase of investments	(2,567,162)	(1,688,165)
Acquisition of subsidiary, net of cash acquired	(123,315)	-
	<u>(9,370,654)</u>	<u>(2,864,180)</u>
Net cash used in investing activities	(9,370,654)	(2,864,180)
Cash flows from financing activities		
Proceeds from borrowings	3,073,042	9,501,714
Finance costs paid	-	(490,848)
Payment of lease liabilities	(483,393)	(145,856)
	<u>2,589,649</u>	<u>8,865,010</u>
Net cash from financing activities	2,589,649	8,865,010

TRUST PAYMENTS LTD

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Net cash increase in cash and cash equivalents	<u>17,029,169</u>	<u>7,796,150</u>
Cash and cash equivalents at the beginning of year/period	18,762,920	10,860,006
Exchange gains on cash and cash equivalents	647,611	106,764
Cash and cash equivalents at the end of the year	<u><u>36,439,700</u></u>	<u><u>18,762,920</u></u>

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

TruST Payments Limited is a private company limited by shares and is incorporated and domiciled in England and Wales. The registered office is 1 Royal Exchange, London, England, EC3V 3DG.

The group's principal activities consist of the provision of integrated payment processing and merchant acquiring services, data management and loyalty products to global businesses and multinationals.

The company's principal activity is that of a holding company.

The current financial period is for the year ended 31 December 2020 and the corresponding financial period was for the 6 month period ended 31 December 2019. Therefore, the comparatives that are presented will not be truly comparable.

These general purpose financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the European Union.

The company's financial statements are presented in Sterling (£), which is also the group's presentational currency.

The following accounting policies have been applied:

2. Accounting policies

2.1 Basis of preparation of financial statements

The group financial statements consolidate those of the company and its subsidiaries (together referred to as the "group"). The parent company financial statements present information about the company as a separate entity and not about its group.

The consolidated financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The separate parent financial statements of the company are prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 (FRS 101).

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

Where required, equivalent disclosures have been given in the consolidated financial statements of Trust Payments Limited.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

The group and separate parent company financial statements have been prepared under the historic cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

2.2 Basis of consolidation

The financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2020.

All undertakings over which the group exercises control, being the power to govern the financial and operating policies so to obtain benefits from their activities, are consolidated as subsidiary undertakings. Where a subsidiary has different accounting policies to the group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively. Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement.

On consolidation, assets and liabilities of foreign undertakings are translated into sterling at period end exchange rates. The results of foreign undertakings are translated into sterling at average rates of exchange for the period (unless this average is not a reasonable approximation of the cumulative effects of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions). Foreign exchange differences arising on the retranslation of foreign undertakings are recognised directly in a separate component of equity, the translation reserve.

2.3 Going concern

Trust Payments Limited ("The Trust Group") is under the control of Cordet Lending S.a.r.l ("Cordet"). Cordet, along with a minority shareholder Ture Invest AB ("Ture"), together "the Lenders", have provided finance to the wider group of approximately £73.8m at the balance sheet date. At this date the loans are due for repayment between June 2022 and December 2022.

The TRUST Group led by the CEO, together with a new management team have re-aligned the product suite in the payments market and embarked on a new growth trajectory. Detailed forecasts and cashflow projections have been prepared to December 2022 substantiating the growth trajectory, and these forecasts show that the group can continue to meet their working capital requirements and settle these liabilities as they fall due during that period. The forecasts do not allow for the repayment of the facilities with the Lenders but the directors are confident that a satisfactory resolution will be achieved so that these facilities are settled in advance of the repayment dates either through re-financing or deleveraging. The investors have demonstrated their continued willingness to support the growth trajectory of the business through loan extensions and additional facilities where they have been required historically.

As the group has determined that sufficient cash flows exist for a period of at least twelve months from the date of signing these accounts the directors continue to adopt the going concern basis in the preparation of the financial statements.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Revenue

Revenue, which consists principally of commissions priced as a percentage of transaction value and specified fees per transaction generated from processing of electronic payment services transactions, comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the company's activities. Revenue is shown net of value added tax, returns, rebates and discounts.

The service is deemed to have been rendered and completed once a transaction has been authorised and processed. The group bills its clients and recognises revenue as soon as this event takes place. Monthly fees are billed prior to month-end. Charges are either netted off from the value of the transactions processed or accumulated and collected following month-end depending on the model chosen by the client. The model is specified on the contract entered with the merchant together with the pricing.

The group provides a secure value-added payment gateway facility. The group recognises revenue when performance obligations have been satisfied and for the group this is once a transaction has been authorised and processed. The group bills its clients at the end of each month for any transactions that have been authorised and processed during that period.

Contract assets

Contract assets primarily relate to the group's right to consideration for work completed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights become unconditional.

2.5 Foreign currency translation

Functional and presentation currency

The group's presentational currency is 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.

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 income statement 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 income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'other operating income'.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.6 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group 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 income statement 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.

2.7 Finance costs

Finance costs are charged to the income statement 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.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, 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.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax arises from temporary 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 the financial statements.

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the balance sheet 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 balance sheet date.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.9 Intangible assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Computer software and development expenditure

Acquired computer software and development expenditure is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised through administrative expenses on a straight-line basis over their estimated useful lives of three years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

The assets' carrying amounts and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying amount is down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Other licences

Expenses incurred in relation to acquiring principal membership status with two card schemes are capitalised and shown at historical cost. The assets are amortised through administrative expenses on a straight-line basis over three years, and are carried at cost less accumulated impairment losses.

The assets' carrying amounts and useful lives are renewed and adjusted, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Customer relationships

Customer relationships acquired through business combinations are recorded at fair value at the date of acquisition less amortisation less impairment. Assumptions are used in estimating the fair value of these relationships and include management's estimates of revenue and profits to be generated by them. The assets are amortised through administrative expenses on a straight-line basis over five years.

Acquired technology

Technologies acquired through business combinations are recorded at fair value at the date of acquisition less amortisation less impairment. Assumptions are used in estimating the fair value of these relationships and include management's estimates of revenue and profits to be generated by the. The assets are amortised through administrative expenses on a straight-line basis over five years.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

Goodwill

Goodwill arising on consolidation is recognised as an asset and reviewed for impairment at least annually or when a change in circumstances or situation indicates that the goodwill has suffered an impairment loss. The need for impairment is tested by comparing the recoverable amount of the cash-generating unit (CGU) to the carrying value. Any impairment is recognised immediately in the income statement. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of a business include the amount of goodwill relating to that business.

2.10 Property, plant and equipment

Property, plant and equipment 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, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures, fittings and equipment	- 3 years
Computer systems	- 2-3 years
Right-of-use assets	- Length of the lease

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 income statement.

2.11 Investment properties

Investment properties are recognised under the cost model and are stated at historic 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, using the straight-line method over the length of the lease.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.12 Investments

Investments and other financial assets, other than investments in group undertakings, are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income include equity investments which the company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Investments in subsidiary undertakings are held at cost less impairment.

2.13 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- (a) those that the group intends to sell immediately or in the short term, which are classified as held-for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; or
- (b) those for which the holder may not recover substantially all of their initial investment, other than because of credit deterioration.

Loans and receivables mainly consist of loans and advances to companies' funds receivable from card schemes and funds advanced as collateral. They are initially recognised at fair value - which is the cash consideration to originate or purchase the loan including any transaction costs - and measured subsequently at amortised cost using the effective interest rate method. Amortised cost is the initial measurement amount adjusted for the amortisation of any difference between the initial and maturity amounts using the effective interest method.

The effective interest method is a method of calculating the cost of a financial asset or a financial liability (and groups of financial assets or financial liabilities) and of allocating the 'Net interest income' over the relevant period.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which use a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.14 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.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.15 Trade and other payables

Trade payables comprise 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 (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables include settlement processing obligations representing transactions that have been processed but not yet funded together with funds withheld from merchants that serve as collateral to minimise contingent liabilities associated with any losses that may occur under the merchant agreement ("merchant rolling reserve").

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

2.17 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.18 Share based payments

Where cash settled share based payments are awarded to employees, the fair value of the shares at the grant date, factoring into the valuation any market vesting conditions, is charged to the profit and loss account within administrative expenses. Market vesting conditions are either factors beyond the control of either party or factors which are within the control of one or other of the parties.

Any non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date.

Subsequently, at the reporting date, any non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date and the share based payments are revalued to their fair value at that date. Any gains or losses being recognised in the profit or loss within administrative expenses.

2.19 Leases

At inception of a contract, the group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the company is reasonably certain to exercise that option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising in rate, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The group has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised in administrative expenses on a straight line basis over the lease term.

2.20 New and revised IFRSs in issue but not yet effective

The group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture. Effective date deferred indefinitely.

Management anticipates that these new standards, interpretations and amendments will be adopted in the group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, will have no material impact on the consolidated financial statements of the group in the period of initial application.

3. Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value of acquired intangibles

The group makes an estimate of the fair value of certain intangibles at the acquisition date of subsidiaries. When assessing the value of these assets the directors are required to identify and assign a value that a market participant would be willing to pay to acquire each of the intangibles being purchased. When assessing the fair value of intangibles, management considers factors including the estimated revenues and profits to be generated by the asset based on current and anticipated market conditions that have been considered and approved by the Board. See note 11 for the net carrying amount of acquired intangibles.

Impairment testing

Following the assessment of the recoverable amount of goodwill allocated to TruST Payments Limited, to which goodwill of £47.6m is allocated, the directors consider the recoverable amount of goodwill allocated to TruST Payments Limited to be most sensitive to the achievement of forecasts. Budgets comprise forecasts of revenue, staff costs and overheads based on current and anticipated market conditions that have been considered and approved by the Board. Whilst the group is able to manage most of TruST Payments Limited's costs, the revenue projections are inherently uncertain due to the nature of TruST Payments Limited's business and unstable market conditions. See note 12 for the net carrying amount of goodwill.

Fixed asset investments

Determining whether fixed asset investments are impaired requires an estimate of the fair value, less costs to sell of the investments. The fair value assessment requires the use of the group's current market presence and its projections. See note 15 for the net carrying amount of the fixed asset investments.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Impairment of trade receivables

The group makes an estimate of the recoverable value of trade and other receivables. When assessing impairment of trade and other receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 16 for the net carrying amount of the receivables and associated impairment provision.

Incremental borrowing rate

The group makes an estimate of the incremental borrowing rate which is used to calculate the present value of lease obligations on agreements entered that do not contain an implicit rate of interest. When assessing the incremental borrowing rate management consider current interest rates on group or subsidiary loans and interest rates available in the market place. See note 22 for the future minimum lease payments and the present value of minimum lease payments.

Impairment of amounts due from group undertakings

The company makes an estimate of the recoverable value of amounts due from group undertakings. The company considers the risk of impairment by assessing the credit worthiness of the counterparty. See note 16 for the net carrying amount of amounts due from group undertakings.

Share based payments

The group has adopted long-term incentive plans whereby share-based awards have been granted to certain employees. The group uses judgement in evaluation the key terms and conditions of share-based awards to determine whether the share-based award should be classified and accounted for as equity or as a liability when the share-based awards are issued. The classification of the award impacts the timing and frequency of the fair market value calculation of the award. The nature of the share-based awards granted are cash settled.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4. Administrative expenses

Administrative expenses includes:

	Year ended 31 December 2020 £	6 month period ended 31 December 2019 £
Impairment of trade receivables	236,041	1,797,633
Movement in chargeback provision	-	969,674
Depreciation of property, plant and equipment and investment property	450,375	385,132
Amortisation of intangible assets	3,084,671	1,107,641
Exchange differences	3,659,741	(1,494,737)
Defined contribution pension cost	212,238	68,271
Staff costs	11,844,648	4,772,522
Audit fees payable to the parent company auditor for the audit of the company and its associates.	99,000	110,000
Non audit fees payable to the parent company auditor	15,000	10,000
Computer costs	1,002,340	452,831
Other administrative expenses	3,766,762	1,633,593
	<u>24,370,816</u>	<u>9,812,560</u>

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

5. Revenue

The following is an analysis of the group's revenue for the year from continuing operations:

	Year ended 31 December 2020 £	6 month period ended 31 December 2019 £
Sale of services	62,689,486	21,350,190

The total revenue of the group has been derived from contracts with customers.

Analysis of revenue by country of destination:

	Year ended 31 December 2020 £	6 month period ended 31 December 2019 £
United Kingdom	4,762,640	2,388,700
Rest of Europe	57,435,041	18,951,495
Rest of the world	491,805	9,995
	62,689,486	21,350,190

Timing of revenue recognition:

	2020 £	2019 £
Goods and services transferred at a point in time	4,780,107	2,784,893
Goods and services transferred over time	57,909,379	18,565,297
	62,689,486	21,350,190

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6. Other operating income

	Year ended 31 December 2020 £	6 month period ended 31 December 2019 £
Net rents receivable	112,580	83,932
Sundry income	169,199	254,562
	<u>281,779</u>	<u>338,494</u>

7. Employees

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

	Year ended 31 December 2020 £	6 month period ended 31 December 2019 £
Employee benefit expenses (including directors) comprise:		
Wages and salaries	10,599,733	4,390,880
National insurance	1,244,915	381,642
Defined contribution pension cost	212,238	68,271
	<u>12,056,886</u>	<u>4,840,793</u>

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, including the directors of the company.

	Year ended 31 December 2020 £	6 month period ended 31 December 2019 £
Wages and salaries	<u>2,383,916</u>	<u>838,510</u>

During the year seven members of key management personnel entered the group's long-term incentive scheme (see note 24). No amounts have been paid as a result of this scheme.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7. Employees (continued)

	31 December 2020 Number	31 December 2019 Number
Operating staff	140	105
Administrative staff	44	35
Management	19	8
Executives	5	5
	<hr/> 208 <hr/>	<hr/> 153 <hr/>

8. Directors remuneration

	31 December 2020 £	31 December 2019 £
Wages and salaries	497,500	106,300
	<hr/> 497,500 <hr/>	<hr/> 106,300 <hr/>

The highest paid director received remuneration of £497,500 (2019: £106,300).

During the year no retirement benefits were accruing to directors in respect of defined contribution pension schemes.

During the year one director entered the group's long-term incentive scheme (see note 24). No amounts have been paid as a result of this scheme.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

9. Finance income and expense

Recognised in profit or loss

	Year ended 31 December 2020 £	6 month period ended 31 December 2019 £
Finance expense		
Bank interest payable	62,348	-
Lease interest payable	88,001	71,153
Foreign exchange loss on secured loans	1,676,178	(1,291,186)
Loan interest payable	11,239,136	4,105,766
Other finance charges	471,221	390,910
Total finance expense	13,536,884	3,276,643
Net finance expense recognised in profit or loss	(13,536,884)	(3,276,643)

All financial expenses included above were in respect of liabilities not held at fair value through profit or loss.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

10. Tax expense

10.1 Income tax recognised in profit or loss

	Year ended 31 December 2020 £	6 month period ended 31 December 2019 £
Current tax		
Current tax on profits for the year	3,425,552	815,042
Total current tax	3,425,552	815,042
Deferred tax expense		
Origination and reversal of timing differences	(1,647,657)	20,648
Total deferred tax	(1,647,657)	20,648
Total tax expense	1,777,895	835,690
Total tax expense	1,777,895	835,690

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

10. Tax expense (continued)

10.1 Income tax recognised in profit or loss (continued)

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	Year ended 31 December 2020 £	6 month period ended 31 December 2019 £
Loss for the year	(13,157,741)	(3,910,886)
Income tax expense (including income tax on associate, joint venture and discontinued operations)	1,777,895	835,690
Loss before income taxes	(11,379,846)	(3,075,196)
Tax using the company's domestic tax rate of 19% (2019:19%)	(2,162,171)	(584,287)
Expenses not deductible for tax purposes	1,913,573	433,453
Higher rate taxes on overseas earnings	855,168	389,153
Increases in deferred taxation due to changes in tax rates	235,700	-
Unrelieved tax losses carried forward	910,282	648,432
Other differences leading to an increase/(decrease) in the tax charge	25,343	(51,061)
Total tax expense	1,777,895	835,690

Changes in tax rates and factors affecting the future tax charges

In the Spring Budget 2021 on 3 March 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

As of the date of the approval of these financial statements the increase in rates has not been substantively enacted. As the proposal to increase the rate had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Trading subsidiaries have UK unrecognised losses available to carry forward of approximately £9.2m (31 December 2019: £5.9m). The company has non-trading loan relationships debits available to carry forward of approximately £13.9m (31 December 2019: £4.2m). A deferred tax asset has not been recognised due to uncertainty on the timing of the utilisation of the losses.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

10. Tax expense (continued)

10.2 Current tax assets and liabilities

	Year ended 31 December 2020 £	6 month period ended 31 December 2019 £
Current tax liabilities		
Corporation tax payable	<u>4,854,662</u>	<u>1,311,770</u>

10.3 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	Year ended 31 December 2020 £	6 month period ended 31 December 2019 £
Deferred tax assets	2,122,913	456,748
Deferred tax liabilities	(1,976,530)	(2,003,446)
	<u>146,383</u>	<u>(1,546,698)</u>

	Opening balance £	Recognised in profit or loss £	Foreign exchange movement £	Closing balance £
2020				
Deferred tax liabilities/(assets) in relation to:				
Fixed asset temporary differences	(59,123)	47,215	(674)	(12,582)
Fair value of acquired intangibles	2,003,446	(91,746)	-	1,911,700
Other temporary differences	(397,625)	(1,603,126)	(44,750)	(2,045,501)
	<u>1,546,698</u>	<u>(1,647,657)</u>	<u>(45,424)</u>	<u>(146,383)</u>

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

10. Tax expense (continued)

10.3 Deferred tax balances (continued)

	Opening balance £	Recognised in profit or loss £	Foreign exchange movement £	Closing balance £
2019				
Deferred tax liabilities/(assets) in relation to:				
Fixed asset temporary differences	49,370	(111,686)	3,193	(59,123)
Fair value of acquired intangibles	2,122,529	(119,083)	-	2,003,446
Tax losses carried forwards	(170,000)	170,000	-	-
Other temporary differences	(499,805)	81,417	20,763	(397,625)
	<u>1,502,094</u>	<u>20,648</u>	<u>23,956</u>	<u>1,546,698</u>

11. Intangible assets

Group

	Other licenses £	Other intangibles £	Technology £	Customer relationships £	Computer software and development expenditure £	Total £
Cost						
At 1 July 2019	1,711,608	-	8,598,000	4,318,000	1,370,327	15,997,935
Additions	254,329	-	-	-	895,781	1,150,110
Foreign exchange movement	(120,717)	-	-	-	(136,435)	(257,152)
At 31 December 2019	<u>1,845,220</u>	<u>-</u>	<u>8,598,000</u>	<u>4,318,000</u>	<u>2,129,673</u>	<u>16,890,893</u>
Additions	1,885	291,942	-	-	6,131,749	6,425,576
Transfer	(914,379)	-	-	-	914,379	-
Foreign exchange movement	30,664	39,021	-	-	82,289	151,974
At 31 December 2020	<u>963,390</u>	<u>330,963</u>	<u>8,598,000</u>	<u>4,318,000</u>	<u>9,258,090</u>	<u>23,468,443</u>

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

11. Intangible assets (continued)

	Other licenses £	Other intangibles £	Technology £	Customer relationships £	Computer software and development expenditure £	Total £
Accumulated amortisation and impairment						
At 1 July 2019	1,277,133	-	286,600	143,933	953,258	2,660,924
Charge for the period	234,621	-	268,687	431,800	172,533	1,107,641
Foreign exchange movement	(72,191)	-	-	-	(66,916)	(139,107)
At 31 December 2019	1,439,563	-	555,287	575,733	1,058,875	3,629,458
Charge for the year	23,877	62,994	859,800	863,600	1,274,400	3,084,671
Transfer	(559,960)	-	-	-	559,960	-
Foreign exchange movement	48,864	3,286	-	-	80,901	133,051
At 31 December 2020	952,344	66,280	1,415,087	1,439,333	2,974,136	6,847,180
Net book value						
At 1 July 2019	434,475	-	8,311,400	4,174,067	417,069	13,337,011
At 31 December 2019	405,657	-	8,042,713	3,742,267	1,070,798	13,261,435
At 31 December 2020	11,046	264,683	7,182,913	2,878,667	6,283,954	16,621,263

Technology and customer relationships acquired of £12,916,000 represents the directors assessment of fair value at the acquisition date in the prior period.

Included in computer software and development expenditure additions is £4,642,924 of development expenditure in relation to contractor time spend and software licenses purchased in order to develop new and existing computer software.

At 31 December 2020 the group had capital commitments of £2,355,898 in relation to software licenses and development work.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

11. Intangible assets (continued)

Company

	Other intangibles £	Computer software and development expenditure £	Total £
Cost			
At 1 July 2019	-	20,100	20,100
Additions	20,867	350,979	371,846
At 31 December 2019	20,867	371,079	391,946
Additions	19,307	3,220,055	3,239,362
At 31 December 2020	40,174	3,591,134	3,631,308
Accumulated amortisation and impairment			
At 1 July 2019	-	558	558
Charge for the period	1,159	46,971	48,130
At 31 December 2019	1,159	47,529	48,688
Charge for the year	6,956	352,126	359,082
At 31 December 2020	8,115	399,655	407,770
Net book value			
At 1 July 2019	-	19,542	19,542
At 31 December 2019	19,708	323,550	343,258
At 31 December 2020	32,059	3,191,479	3,223,538

Included in computer software and development expenditure additions is £2,588,206 of development expenditure in relation to contractor time spend and software licenses purchased in order to develop new and existing computer software.

At 31 December 2020 the company had capital commitments of £2,355,898 in relation to software licenses and development work.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

12. Goodwill

Group

	31 December 2020 £	31 December 2019 £
Cost	47,102,871	47,102,871
	31 December 2020 £	31 December 2019 £
Cost		
At 1 January	47,102,871	47,102,871
At 31 December	47,102,871	47,102,871

12.1 Allocation of goodwill to cash generating units

Goodwill is allocated to the group's cash generating unit as follows:

	2020 £	2019 £
Payment Gateway	4,311,289	4,311,289
Acquiring Bank	42,791,582	42,791,582
	47,102,871	47,102,871

Acquiring bank and payment gateway

The goodwill recognised represents the expected future opportunities and staff expertise in the marketplace that the group operates.

The goodwill arising on the purchase of the two CGU and are considered to have an indefinite useful life and are reviewed for impairment at least annually or when a change in circumstances or situation indicates that the goodwill has suffered an impairment loss.

The recoverable amounts of the cash generating units have been projected using value-in-use calculations. Cash flows have been forecast a divisional CGU basis using detailed budgets produced at cash generating unit level, based on past experience and known and expected future business levels. The unit forecasts revenue based upon an assessment of industry growth, current trading conditions, group strategy and specific unit circumstances. Costs have been forecast at expected running levels including all major operating costs.

A terminal growth rate of 2% has been applied beyond a two-year projected period with the value-in-use calculation based on an extrapolation of the budgeted cash flows for future years. The post-tax discount rate applied in discounting projected cash flows to net present value is 15.8%.

The review process resulted in no impairment charge of goodwill for the current year.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

13. Investment property

Group

(i)

	31 December 2020 £	31 December 2019 £
Opening balance	681,076	769,135
Depreciation	(101,527)	(100,194)
Foreign exchange rate movements	37,274	12,135
	<u>616,823</u>	<u>681,076</u>

Right of use investment properties relate to sub-leased parts of one of the groups offices and neighbouring parking spaces. As the group does not own the right of use investment properties and rents these through an operating lease a fair value cannot be reliably measured.

During the period rental income from investment properties was £112,580 (Period ended 31 December 2019: £83,932).

14. Property, plant and equipment

Group

	Fixtures and fittings £	Office equipment £	Computer equipment £	Right of use assets Leasehold property £	Total £
Cost or valuation					
At 1 July 2019	216,913	93,920	1,046,922	1,908,507	3,266,262
Additions	24,020	1,270	50,456	-	75,746
Disposals	(33,012)	-	(19,579)	-	(52,591)
Foreign exchange movements	(7,069)	(4,849)	(2,724)	(74,047)	(88,689)
At 31 December 2019	<u>200,852</u>	<u>90,341</u>	<u>1,075,075</u>	<u>1,834,460</u>	<u>3,200,728</u>
Additions	10,853	11,746	232,002	-	254,601
Disposals	-	-	-	(204,484)	(204,484)
Foreign exchange movements	7,426	5,261	11,412	91,440	115,539
At 31 December 2020	<u>219,131</u>	<u>107,348</u>	<u>1,318,489</u>	<u>1,721,416</u>	<u>3,366,384</u>

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14. Property, plant and equipment (continued)

	Fixtures and fittings £	Office equipment £	Computer equipment £	Right of use assets Leasehold property £	Total £
Accumulated depreciation and impairment					
At 1 July 2019	165,313	71,795	990,383	146,960	1,374,451
Charge for the period	20,431	13,958	41,875	208,554	284,818
Disposals	(2,751)	-	-	-	(2,751)
Exchange adjustments	(6,324)	(4,083)	(1,740)	(6,472)	(18,619)
At 31 December 2019	176,669	81,670	1,030,518	349,042	1,637,899
Charge for the year	27,796	11,267	78,951	230,834	348,848
Disposals	-	-	-	(204,484)	(204,484)
Exchange adjustments	7,026	4,764	6,293	11,953	30,036
At 31 December 2020	211,491	97,701	1,115,762	387,345	1,812,299
Net book value					
At 1 July 2019	51,600	22,125	56,539	1,761,547	1,891,811
At 31 December 2019	24,183	8,671	44,557	1,485,418	1,562,829
At 31 December 2020	7,640	9,647	202,727	1,334,071	1,554,085

The fair value of property, plant and equipment is not materially different from the carrying amount.

Company

	Fixtures and fittings £	Computer equipment £	Right of use assets Leasehold property £	Total £
Cost or valuation				
At 1 July 2019	33,013	-	204,484	237,497
Additions	23,333	-	-	23,333
Disposals	(33,012)	-	-	(33,012)
At 31 December 2019	23,334	-	204,484	227,818
Additions	10,853	6,818	-	17,671
Disposals	-	-	(204,484)	(204,484)
At 31 December 2020	34,187	6,818	-	41,005

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

14. Property, plant and equipment (continued)

	Fixtures and fittings £	Computer equipment £	Right of use assets Leasehold property £	Total £
Accumulated depreciation and impairment				
At 1 July 2019	2,751	-	6,996	9,747
Charge owned for the year	8,166	-	98,735	106,901
Disposals	(2,751)	-	-	(2,751)
At 31 December 2019	8,166	-	105,731	113,897
Charge owned for the year	19,158	1,705	98,753	119,616
Disposals	-	-	(204,484)	(204,484)
At 31 December 2020	27,324	1,705	-	29,029
Net book value				
At 1 July 2019	30,262	-	197,488	227,750
At 31 December 2019	15,168	-	98,753	113,921
At 31 December 2020	6,863	5,113	-	11,976

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

15. Subsidiaries

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Registered office
Trust Payments (Malta) Limited (formerly SecureTrading Financial Services Limited)	Acquiring bank	Level 2, Ewropa Business Centre, Birkirkara, BKR 9034, Malta
Trust Payments (UK) Limited (formerly SecureTrading Limited)	Payment gateway	1 Royal Exchange, London, EC3V 3DG, England
Trust Payments Malta Holdings Limited (formerly SecureTrading Financial Services Holdings Limited)	Holding company	Level 2, Ewropa Business Centre, Birkirkara, BKR 9034, Malta
Trust Payments Operations Malta Limited (formerly SecureTrading Services Limited)	Holding company	Level 2, Ewropa Business Centre, Birkirkara, BKR 9034, Malta
SecureTrading Group Inc.	Holding company	56 Perimeter Center, Suite 150, Atlanta, GA 30346, United States of America
SecureTrading Inc.	Payment gateway	56 Perimeter Center, Suite 150, Atlanta, GA 30346, United States of America
TrustUK Payments Limited	Dormant	1 Royal Exchange, London, EC3V 3DG, England
Mobilize Systems Limited	Loyalty card provider	1 Royal Exchange, London, EC3V 3DG, England

The group owns 100% of the issued share capital and voting rights of the above subsidiaries.

Company

	31 December 2020 £	31 December 2019 £
As at the beginning of the period	64,871,491	64,871,490
Additions	71,501	1
As at the end of the period	64,942,992	64,871,491

During the period the company bought a 100% share of Mobilize Systems Limited whose registered office is listed above.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

16. Trade and other receivables

Group

	31 December 2020 £	31 December 2019 £
Receivables from contracts with customers	25,433,808	15,093,200
Provision for bad debts - contracts with customers	(3,672,721)	(2,989,645)
Receivables from contracts with customers - net	21,761,087	12,103,555
Receivables from group undertakings	-	99
Total financial assets other than cash and cash equivalents classified as loans and receivables	21,761,087	12,103,654
Prepayments and accrued income	1,651,631	672,459
Other receivables	954,472	546,278
Total trade and other receivables	24,367,190	13,322,391
Less: current portion - trade receivables	(21,761,087)	(12,103,555)
Less: current portion - prepayments and accrued income	(1,651,631)	(672,459)
Less: current portion - other receivables	(954,472)	(546,278)
Less: current portion - receivables from related parties	-	(99)
Total current portion	(24,367,190)	(13,322,391)
Total non-current portion	-	-

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

16. Trade and other receivables (continued)

Receivables from contracts with customers are stated after provisions for impairment of £3,672,721 (2019: £2,989,645), relating to receivables arising from contracts with customers.

The Expected Credit Loss provision of £3,672,721 (2019: £2,989,645) based on the profile of merchant balances in debit. An additional provision of £Nil (2019: £941,639), which is included in provisions in the financial statements, has been recognised for chargebacks for merchants which are either in administration process or have gone into liquidation (see note 19).

Group policy is to provide 100% against merchant balances in debit over 90 days old which represents the majority of the Expected Credit Loss provision.

Included in prepayments and accrued income are contract assets of £454,763 (2019: £23,000). No impairment loss has been recognised in the period on any contract assets arising from the group's contracts with customers.

Ageing of unimpaired receivables

	31 December 2020 £	31 December 2019 £
Up to 3 months	20,929,322	10,616,908
3 to 6 months	530,216	1,486,647
6 to 12 months	301,549	-
	<u>21,761,087</u>	<u>12,103,555</u>

Movements in the impairment allowance for receivables from contracts with customers are as follows:

	31 December 2020 £	31 December 2019 £
At 1 January	2,989,645	1,512,504
Charge for the period	236,040	1,797,633
Transfer from provision for chargebacks	942,563	-
Foreign exchange movement	(495,527)	(320,492)
	<u>3,672,721</u>	<u>2,989,645</u>

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

16. Trade and other receivables (continued)

Company

	31 December 2020 £	31 December 2019 £
Receivables from related parties	4,440,624	1,306,246
Total financial assets other than cash and cash equivalents classified as loans and receivables	4,440,624	1,306,246
Prepayments and accrued income	695,985	232,187
Other receivables	591,694	303,085
Total trade and other receivables	5,728,303	1,841,518
Total current portion	(5,728,303)	(1,841,518)

The company does not hold any collateral as security.

17. Trade and other payables

Group

	2020 £	2019 £
Trade payables	5,341,425	7,089,814
Payables to related parties	676,705	-
Other payables	66,123,011	36,261,983
Accruals	3,215,439	1,393,659
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	75,356,580	44,745,456
Other payables - tax and social security payments	5,122,976	1,692,199
Total trade and other payables	80,479,556	46,437,655
Less: current portion - trade payables	(5,341,425)	(7,089,814)
Less: current portion - payables to related parties	(676,705)	-
Less: current portion - other payables	(71,245,987)	(37,954,182)
Less: current portion - accruals	(3,215,439)	(1,393,659)
Total current portion	(80,479,556)	(46,437,655)
Total non-current position	-	-

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

17. Trade and other payables (continued)

Company

	31 December 2020 £	31 December 2019 £
Trade payables	907,343	426,152
Payables to related parties	17,113,287	15,121,620
Other payables	254,564	242,702
Accruals	1,417,663	306,803
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	19,692,857	16,097,277
Other payables - tax and social security payments	131,888	66,961
Total trade and other payables	19,824,745	16,164,238
Less: current portion - trade payables	(907,343)	(426,152)
Less: current portion - payables to related parties	(17,113,287)	(15,121,620)
Less: current portion - other payables	(386,452)	(309,663)
Less: current portion - accruals	(1,417,663)	(306,803)
Total current portion	(19,824,745)	(16,164,238)
Total non-current position	-	-

Amounts payable to group undertakings are unsecured, interest free and repayable on demand.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

18. Loans and borrowings

Group

	31 December 2020 £	31 December 2019 £
Non-current		
Loans	73,818,363	57,368,206
Lease liabilities	1,666,269	1,853,409
	<u>75,484,632</u>	<u>59,221,615</u>
Current		
Lease liabilities	298,272	392,437
	<u>298,272</u>	<u>392,437</u>
Total loans and borrowings	<u><u>75,782,904</u></u>	<u><u>59,614,052</u></u>

Loans are secured by fixed and floating charges over the assets and intellectual property of the group.

The loans bear interest at 14-20% and are repayable within 1 to 2 years.

Included in non-current loans are loans of £74,048,202 (2019: £58,059,846) stated net of £229,839 (2019: £691,640) of transaction fees which are being amortised over the loan period.

At 31 December 2020 the group has an unused amount on its secured loan facility of £Nil (2019: £508,771).

The carrying value of loans and borrowings classified as financial liabilities measured at amortised cost approximates fair value.

The currency profile of the group's loans and borrowings is as follows:

	31 December 2020 £	31 December 2019 £
GBP	38,351,653	33,775,780
EUR	37,431,251	25,838,272
	<u>75,782,904</u>	<u>59,614,052</u>

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

18. Loans and borrowings (continued)

Company

	31 December 2020 £	31 December 2019 £
Non-current		
Loans	73,818,363	57,368,206
	<u>73,818,363</u>	<u>57,368,206</u>
Current		
Lease liabilities	-	105,397
	<u>-</u>	<u>105,397</u>
Total loans and borrowings	<u><u>73,818,363</u></u>	<u><u>57,473,603</u></u>

Loans are secured by fixed and floating charges over the assets and intellectual property of the group. The loans bear interest at 14-20% and are repayable within 1 to 2 years.

Included in non-current loans are loans of £74,048,202 (2019: £58,059,846) stated net of £229,839 (2019: £691,640) of transaction fees which are being amortised over the loan period.

At 31 December 2020 the company has an unused amount on its secured loan facility of £Nil (2019: £508,771).

The currency profile of the company's loans and borrowings is as follows:

	31 December 2020 £	31 December 2019 £
GBP	38,185,474	33,564,780
EUR	35,632,889	23,908,823
	<u>38,185,474</u>	<u>33,564,780</u>
	<u>35,632,889</u>	<u>23,908,823</u>
	<u><u>73,818,363</u></u>	<u><u>57,473,603</u></u>

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

19. Provisions

Group

	Chargeback provision £
At 1 January 2020	941,639
Transfer to trade receivables	(942,563)
Foreign exchange movements	924
At 31 December 2020	-
	-

The group has provided £Nil as a chargeback provision (31 December 2020: £941,639) for chargebacks processed by merchants which are either in administration or have gone into liquidation at the reporting date.

20. Share capital

Authorised

	31 December 2020 Number	31 December 2020 £	31 December 2019 Number	31 December 2019 £
Shares treated as equity				
Allotted, called up and fully paid shares of £1 each	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Issued and fully paid

	31 December 2020 Number	31 December 2020 £	31 December 2019 Number	31 December 2019 £
Allotted, called up and fully paid shares of £1 each				
At 1 January and 31 December	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

21. Reserves

Foreign exchange reserve

The foreign exchange reserve represents cumulative translation differences arising on translation of the net investment in subsidiary undertakings in the current and prior periods.

Retained earnings

Retained earnings represents accumulated comprehensive income for the period.

22. Leases

Group

Future minimum lease payments are due as follows:

	Minimum lease payments £	Interest £	Total £
December 2020			
Not later than one year	309,824	(11,552)	298,272
Between one year and five years	1,920,854	(254,585)	1,666,269
	<u>2,230,678</u>	<u>(266,137)</u>	<u>1,964,541</u>
December 2019			
Not later than one year	408,069	(15,632)	392,437
Between one year and five years	1,916,063	(258,394)	1,657,669
Later than five years	317,802	(122,062)	195,740
	<u>2,641,934</u>	<u>(396,088)</u>	<u>2,245,846</u>

Company

Leases

Future minimum lease payments are due as follows:

	Minimum lease payments £	Interest £	Total £
December 2020			
Not later than one year	-	-	-
December 2019			
Not later than one year	109,800	(4,403)	105,397

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

23. Financial risk management

Financial risk factors

The group's activities potentially expose it to a variety of financial risks including credit risk, market risk, specifically foreign exchange risk, and liquidity risk (see note 25). Accordingly, the directors provide principles for overall risk management as well as policies covering specific areas. In order to manage these risks, the group did not make use of derivative financial instruments to hedge certain risk exposures during the periods.

(a) Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and rises principally from the group's receivables from customers, receivables from intra group balances and negative balances. The carrying amounts of financial assets represent the maximum credit exposure.

The group's exposures to credit risk as at the end of the reporting period based on carrying amounts as reported in the statement of financial position for on-balance sheet financial assets are analysed as follows:

	31 December 2020 £	31 December 2019 £
Trade and other receivables (note 16)	21,761,087	12,103,555
Cash and cash equivalents (note 27)	36,439,700	18,762,920
	<u>58,200,787</u>	<u>30,866,475</u>

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Group trade and other receivables from third party financial institutions consists of £1.4m (2019: £1.2m) of deposits held with reputable financial institutions of high quality rating, as a financial safeguard in relation to Visa and Mastercard ("the card schemes") together with an amount of £17.0m (2019: £9.2m) representing funds receivable from card schemes relating to transactions processed in the last few processing days of the period. The group considers the funds advanced as collaterals to have low risk based on the external credit ratings of the counterparties which does not attract any material expected credit losses ("ECL"). The remainder of the balances relate to amounts due from parties who are not financial institutions where the group internally assess the credit risk through credit checks and customer payment history.

Whilst the group notionally has concentration risk in respect of having receivables from two card schemes, these card schemes are underpinned by financial stability/creditworthiness within the wider financial markets. Card schemes interpose themselves between issuing and acquiring banks to ensure the performance of transactions being processed by using several layers of financial safeguards to cover losses resulting from the default of one or more member. Accordingly, the credit risk emanating from the group's exposures to card schemes are deemed by the directors to be insignificant.

The group is also exposed to credit risk to the extent that the card schemes of which it is a member may charge-back credit card purchases. In order to manage its credit card exposures arising from its payment processing operations, the group compiles and updates due diligence reports in respect of its merchants and establishes appropriate transaction volumes and value limits. The group monitors its merchants' adherence to limits in relation to charge-backs on a daily basis to prevent any collection losses that are inherent in the group's payment processes.

It is the group's policy to provide for a 100% ECL for negative merchant balances accumulated over periods exceeding 90 days, including merchants with a negative balance that never transacted. The group also consider the credit worthiness for merchant balances not exceeding 90 days but for which significant increase in credit risk is observed.

Credit concentration risk also exists with respect to the group's cash equivalents, which are held with a reputable financial institution of high quality standing which are A rated. ECL on cash and cash equivalents is insignificant due to the low risk based on the external credit rating of the counterparties.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(b) Market risk

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities which are denominated in a currency that is not the entity's functional currency. The group takes on exposures to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Foreign exchange risk is the risk to earnings and value caused by a change in foreign exchange rates. To reduce its currency exposure, the group generally matches its assets and liability positions represented by the amounts due from card schemes and funds attributable to merchants with the relative amounts due to the merchants. The remaining open foreign exchange exposures mainly consist of part of the funds advanced as collateral to card schemes, bank balances and part of the amounts receivable from group undertakings denominated in foreign currency.

As at the financial reporting date, the group was mainly exposed to foreign currency risk on amounts due on shareholder loans.

A breakdown of the groups exposure to foreign currency is as follows:

	31 December 2020		31 December 2019	
	Asset £	Liability £	Asset £	Liability £
USD	6,995,600	(34,247,269)	3,923,257	(3,908,188)
EUR	34,161,239	(55,260,315)	19,518,748	(49,463,772)
AUD	359,226	(1,687,738)	302,656	-
CAD	229,095	(3,071,564)	333,648	3,438
CHF	2,483,181	(4,248,695)	1,558,651	(61,332)
DKK	51,912	(213,721)	270,759	1,438
HKD	14,592	(95,170)	87,540	-
JPY	28,156	(231,795)	99,217	-
NOK	92,134	(633,768)	644,151	-
NZD	62,005	(381,076)	102,270	-
PLN	110,623	(357,313)	238,630	-
SEK	122,810	(372,306)	72,591	-
ZAR	1,691	(62,447)	128,948	-
	44,712,265	(100,863,177)	27,281,068	(53,428,416)

The group has net liabilities denominated in foreign currencies of £56,150,912 as at 31 December 2020 (31 December 2019: £26,147,348). Based on this exposure had sterling weakened by 10% against these foreign currencies with all other variables held constant the group's comprehensive income for the period would have been £5,615,091 lower (6 month period ended 31 December 2019: £2,614,735 lower). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months and the spot rate at the reporting date.

(c) Interest rate risk

The majority of the group loans bear interest at a fixed rate mitigating the group's exposure to interest rate risk.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

24. Share based payments

The parent company, Trust Payments Holdings Limited, has established a long term incentive plan whereby cash settled share-based awards were granted to certain employees, including key management of the company. Awards granted do not have any performance-based vesting conditions and vest on the sale, asset sale, IPO or winding up of the group ('the exit event'). At 31 December 2020 a number of employees of the company held Ordinary B shares in the parent company in respect of this scheme. Employees enter the scheme at market value at the date of the award and exit based on the enterprise value at an exit event using a defined ratchet on proceeds above defined thresholds.

The long term incentive plan is considered as a cash settled share-based award of the parent company with an appropriate recognition of the share based payment charge in the company, and hence is measured at fair value at the end of each reporting period.

At 31 December 2020 the fair value of the incentive plan is not considered material to the company or the group and accordingly no amount has been recognised in regards to this transaction.

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

25. Financial instruments - fair values and risk management

25.1 Liquidity risk management

Liquidity and interest risk tables

The following tables detail the group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the group may be required to pay.

	Carrying amount £	Total	1 - 3 months £	3 - 12 months £	1 - 2 years £	2 - 5 years £	More than 5 years £
31 December 2020							
Secured bank loans	73,818,363	99,975,869	-	-	99,975,869	-	-
Finance lease liabilities	1,964,541	2,230,678	89,839	219,985	370,650	1,550,204	-
Trade payables	5,341,425	5,341,425	5,341,425	-	-	-	-
Other payables	66,025,023	66,025,023	66,025,023	-	-	-	-
	<u>147,149,352</u>	<u>173,572,995</u>	<u>71,456,287</u>	<u>219,985</u>	<u>100,346,519</u>	<u>1,550,204</u>	<u>-</u>

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

25. Financial instruments - fair values and risk management (continued)

25.1 Liquidity risk management (continued)

	Carrying amount £	Total 1 - 3 months £	3 - 12 months £	1 - 2 years £	2 - 5 years £	More than 5 years £
31 December 2019						
Secured bank loans	57,368,206	74,926,502	-	74,926,502	-	-
Finance lease liabilities	2,245,846	2,641,934	320,258	353,810	1,562,252	317,803
Trade payables	7,089,814	7,231,627	-	-	-	-
Other payables	36,261,884	36,261,884	-	-	-	-
	<u>102,965,750</u>	<u>121,061,947</u>	<u>320,258</u>	<u>75,280,312</u>	<u>1,562,252</u>	<u>317,803</u>

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

25. Financial instruments - fair values and risk management (continued)

25.2 Fair value measurements

This note provides information about how the group determines fair values of various financial assets and liabilities.

Fair value of financial assets and liabilities that are measured at fair value on a recurring basis

Some of the group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value at year end 2020	Fair value hierarchy	Valuation technique(s) and key input(s)
Money market funds	8,203,811	Level 2	Quoted prices in active markets are identified for similar assets
Unlisted shares	1,306,050	Level 3	Fair value as at the financial reporting date, referenced has been made to similar listed instruments after applying a 15% discount to unmarketability

Reconciliation of fair value measurements

	Money market funds £	Unlisted shares £	Total £
31 December 2020			
Opening balance	5,257,294	1,177,250	6,434,544
Total gains or losses:			
- in profit or loss	69,860	61,390	131,250
- foreign exchange movement	309,495	67,409	376,904
Purchases	2,567,162	-	2,567,162
Closing balance	8,203,811	1,306,049	9,509,860

The level 3 assets are subject to the unobservable input of the discount due to unmarketability. A 5% change would increase/decrease the fair value by £65,303 (2019: £58,863).

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

25. Financial instruments - fair values and risk management (continued)

25.2 Fair value measurements (continued)

	Money market funds £	Unlisted shares £	Total £
31 December 2019			
Opening balance	3,834,532	1,145,582	4,980,114
Total gains or losses			
- in profit or loss	9,620	92,912	102,532
- foreign exchange movement	(275,023)	(61,244)	(336,267)
Purchases	1,688,165	-	1,688,165
Closing balance	<u>5,257,294</u>	<u>1,177,250</u>	<u>6,434,544</u>

26. Notes supporting statement of cash flows

	31 December 2020 £	31 December 2019 £
Cash at bank available on demand	36,439,700	18,762,920
Cash and cash equivalents in the statement of financial position	<u>36,439,700</u>	<u>18,762,920</u>
Cash and cash equivalents in the statement of cash flows	<u>36,439,700</u>	<u>18,762,920</u>

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Changes in liabilities arising from financing activities - current period

	Loans	Lease liability	Total
	£	£	£
As at 1 January 2020	57,368,206	2,245,846	59,614,052
Proceeds of borrowing	3,073,042	-	3,073,042
Repayments made	-	(483,393)	(483,393)
Loan arrangement fees	463,969	-	463,969
Interest payable	11,239,136	88,001	11,327,137
Foreign exchange	<u>1,674,010</u>	<u>114,087</u>	<u>1,788,097</u>
As at 31 December 2020	<u><u>73,818,363</u></u>	<u><u>1,964,541</u></u>	<u><u>75,782,904</u></u>

Changes in liabilities arising from financing activities - prior year

	Loans	Lease Liability	Total
	£	£	£
At 1 July 2019	45,151,850	2,612,015	47,763,865
Proceeds of borrowing	9,501,714	-	9,501,714
Repayments made	-	(145,856)	(145,856)
Loan arrangement fees	233,252	-	233,252
Interest payable	3,772,576	71,153	3,843,729
Foreign exchange	<u>(1,291,186)</u>	<u>(291,466)</u>	<u>(1,582,652)</u>
As at 31 December 2019	<u><u>57,368,206</u></u>	<u><u>2,245,846</u></u>	<u><u>59,614,052</u></u>

TRUST PAYMENTS LTD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

27. Related party transactions

Transactions with related parties are as follows:

Relationship	Transaction	Amount		Amount due to/(from) related parties	
		2020 £	2019 £	2020 £	2019 £
CORDET Lending S.à r.l.	Loan (gross of transaction fees)	-	-	54,790,309	42,084,923
(Shareholder)	Interest	8,342,040	2,744,134	-	-
Ture Invest AB	Loan (gross of transaction fees)	-	-	19,028,054	15,974,923
(Share holder)	Interest	2,897,096	1,028,442	-	-
Trust Payments Holdings Limited	Intercompany balance	-	-	676,705	(99)

Amounts owed to CORDET Lending S.à r.l. and Ture Invest AB are secured by fixed and floating charges over the groups assets and charge interest between 14-20%.

Amounts owed to Trust Payments Holdings Limited are unsecured, interest free and repayable on demand.

Company

During the year the company charged management fees to subsidiaries of £6,400,174 (Six month period ended 31 December 2019: £2,552,827).

28. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Trust Payments Holdings Limited, an entity incorporated in England & Wales and with a registered office of 1 Royal Exchange, London, EC3V 3DG.

There is no one ultimate controlling party. The ultimate parent company is CORDET Direct Lending SCSp, an entity incorporated in Luxembourg.