trust payments

Financial Statements 2022

FOR THE YEAR ENDED
31 DECEMBER 2022

Contents

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
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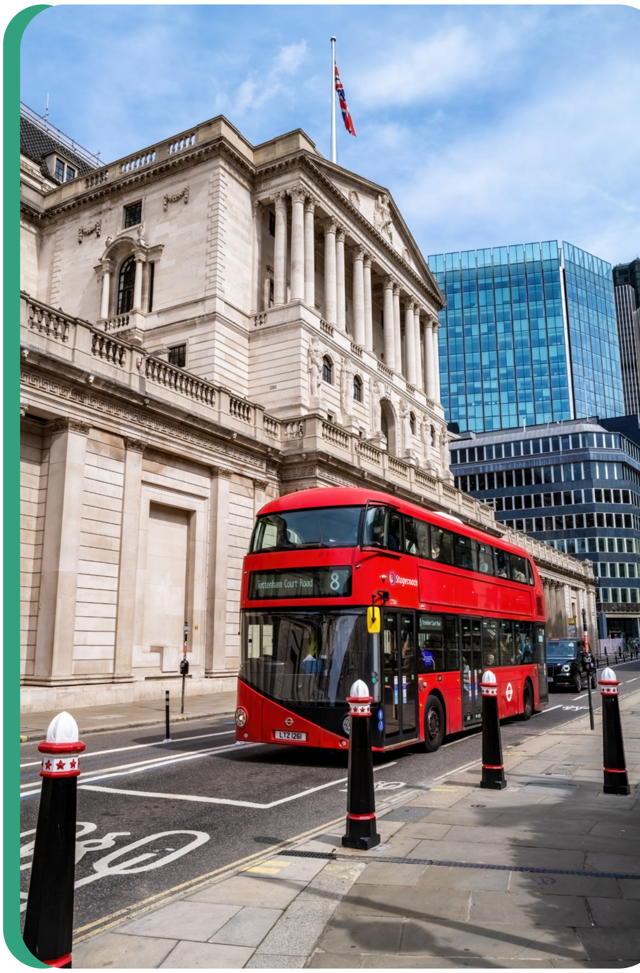


Introduction

The directors present their **Strategic Report** of the group for the year **ended** 31 December 2022.

Business review

Building on the foundations laid over several years, the group now consists of fully integrated core technology and financial services to allow merchants to support digitised commerce across all channels.

The group has pioneered the concept of Converged Commerce™: giving merchants solutions which enable seamless engagement and experience for their customers across: omnichannel payments; regulated financial services; in store solutions(ePOS and Stock Management); digital commerce (eCommerce platform); data science and analysis; and innovative products designed for key verticals.

In order to support Converged Commerce™, the business combines a scalable and global technology platform, which supports global credit/debit cards and hundreds of local payment methods, together with its own regulated financial services business, licenced by Visa and Mastercard as Principal Members. This is coupled with value added services for merchants, including an all in one platform for eCommerce website creation and direct to consumer sales, and an integrated ePOS software solution for high volume retail and grocery sales.

The group saw rapid expansion and growth in 2022, developing into a leading player in the industry and winning several awards for its approach.

Despite the wider global and economic turbulence, the business continued to transform its operations, and ensure that it has the strength to support a broader and larger base of merchants and partners. The robust and refocused sales and marketing efforts in 2022 proved highly successful and built on the continued market acceleration for non physical and contactless payments across multiple sectors and geographies.

In 2022, the business successfully gained its Financial Conduct Authority ('FCA') licence, and therefore now has two regulated licenced entities within the continent of Europe, to support all domestic and cross border European commerce. All merchant funds are held in segregated Tier 1 bank accounts and as such meet the Payment Services Directive ('PSD2') safeguarding regime requirements.

Our people are one of our key assets, and during 2022 we continued to expand, deepen and invest in talent. A total of 220 people were recruited during the year, taking our total at year end to c.500. This shows the level and depth of our expanded expertise and desire to deepen our unique product range with superb customer service and support.

Key performance indicators

The directors consider Revenue, Gross Profit, EBITDA and Adjusted EBITDA and merchant retention to be the primary Key Performance Indicators.

	2022	2021
Revenue	£m	£m
Gross Revenue	151.5	108.7
Net Revenue (1)	93.4	70.7
Gross Profit	57.5	42.8
EBITDA	15.5	15.8
Adjusted EBITDA (2)	20.0	20.7
Net merchant retention	100%	100%

(1) Net revenue is defined as total revenues less interchange and scheme fees
(2) See note 29 for calculation

The group has seen total Gross Revenue grow strongly, up 39%, and Net Revenue up 32%, driven primarily through increased payment processed volumes year on year across diversified verticals and additional cross sell revenues through a variety of value added services and product offerings. In fact, growth in core retail sectors were up over 80% year on year. Coupled with Net Merchant Volume Retention of 100% has meant a strong and long term merchant book of business.

Gross Profit has increased by 34% over the prior year as a result of increased top line revenue through core payment processing and value added services and savings on our cost of sales as a result of revised pricing with processors and partners.

The group is highly scalable, profitable and cash generative, but continues to invest in capital expenditure, product innovation and technology enhancements to ensure we meet the strong demand in the market. The longer term capital infrastructure invested over the past two years has enabled portfolio growth and diversification into multiple verticals and geolocations and supported the revenue growth of the group. The group amortises these costs over a 3 year life given the rapid changes to technology and as a result, the administrative costs of the business are impacted by significant amortisation and depreciation costs.

Key performance indicators (continued)

The group measures EBITDA, reflecting the underlying operating performance of the business, which remained stable year on year.

The results of the group are also influenced by other costs which, for internal reporting, budgeting and performance management purposes, are considered to be non operating in nature. These costs include investment related strategic advice, performance based remuneration and certain marketing and license costs which, for internal purposes, are spread over a number of months but not under IFRS. These adjustments represent non GAAP adjustments. Note 29 provides a reconciliation from operating (loss)/profit to Adjusted EBITDA.

The capital structure of the business is supported by senior secured debt facilities of £126.1m (2021: £97.5m) at rates between 14% and 20%, which are all non cash paid. As such, the P&L is charged with £24.0m during 2022, resulting in a Net Loss for the year of £21.6m. These debt facilities were extended in December 2022 until Q2/Q3 2024, but given the positive trajectory of the business, and its repositioning as a high growth fintech, the management team is very confident that a recapitalisation exercise in due course will provide an appropriate capital structure. The majority of foreign exchange gains relate to the translation of intercompany balances at the year-end exchange rate.

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 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 monitors its capital level on a regular basis. Any transactions that may potentially affect the Company's capital requirements are immediately reported to the directors and shareholders for resolution prior to notifying the MFSA.

During the financial period ended 31 December 2022, Trust Payments (Malta) Ltd always met the minimum capital requirements imposed by the regulatory authority. As at 31 December 2022, the company's minimum capital requirement amounted to €2,880,587 (2021: €2,359,465) which is lower than the company's own funds amounting to €28,861,655 (2021: €28,024,920).

Description of principal risks and uncertainties (continued)

Supplementing the payment operations at Trust Payments (Malta) Ltd, the group has commenced its UK merchant portfolio migration during the first quarter of 2023 onto its FCA license in the UK. The UK merchant portfolio migration is expected to be complete by the second quarter of 2023. All Capital requirements, client funds segregation and liquidity requirements for the UK based entity holding the FCA Licence in the UK have been adhered to and the Directors will ensure that all minimum capital requirements and/or statutory obligations are met at all times.

Ensuring the business is compliant with all regulatory and compliance requirements (both in terms of Visa and Mastercard scheme rules, as well as the wider Financial Institution framework) is essential. The business monitors any changes very closely, in particular, the implementation of the second Payment Services Directive (PSD2).

As with any Financial Institution engaged in the provision of payment services, the assessment and continual monitoring of merchant risk and transaction flow is of vital importance.

The company mitigates these types of risk by using a variety of industry recognised best practice, monitoring tools and external review sources. The group has continued to invest in its technology to ensure that all systems being used provide the best solutions for the company's day to day operations and all regulatory obligations, whilst at the same time ensuring that all its data security and integrity is maintained at high levels at all times. Regular screening and data monitoring tests are conducted regularly to ensure that all company data is secure and the infrastructure is robust and sustainable for the longer term.

Financial risk management

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.

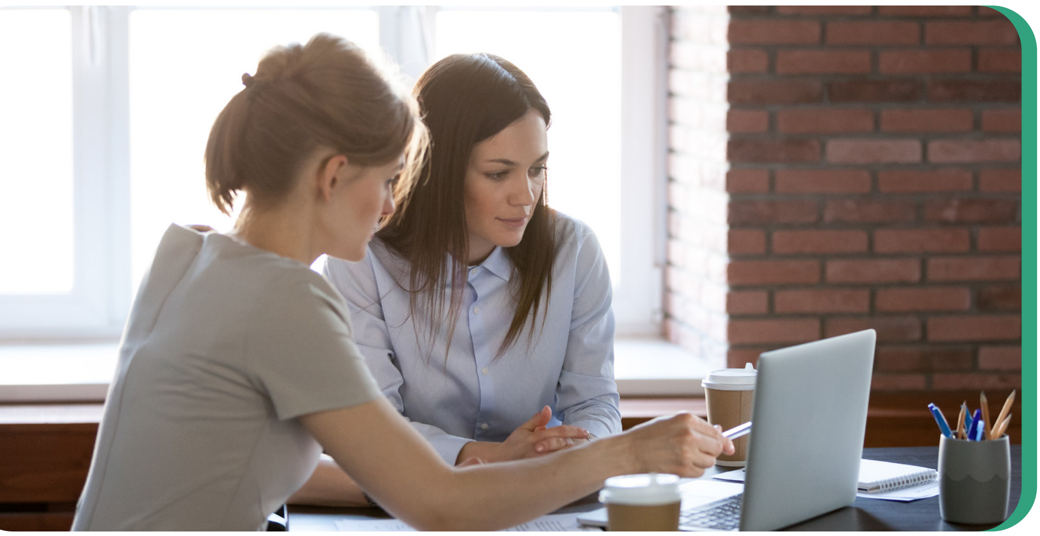
The group is also exposed to credit risk to the extent that the card schemes of which a Member may chargeback credit card purchases. In order to manage its credit risk exposures arising from its payment processing operations, the company compiles and updates due diligence reports in respect of its merchants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

Financial risk management (continued)

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 and reviews are undertaken on a more regular basis to mitigate this risk. New contracts are also imposing standard direct debit mandates to ensure that the company's trade receivables are collected in a monthly direct debit automated process and reduce the company's overall debit merchant balances. 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 capital structure of the business includes debt facilities of £126.1m (2021: £97.5m) and split between GBP and EUR facilities, however all interest is non cash paid. These debt facilities were extended in December 2022 until Q2/Q3 2024, however the management expect that a recapitalisation exercise in due course will provide an improved capital structure and reducing foreign exchange gains/losses which are unrealised in nature due to the fluctuation of month end exchange rates. The majority of foreign exchange gains relate to the translation of year end trading balances and loans at the year end exchange rate.



Going concern

Trust Payments Limited, and its subsidiaries (together "the group") are under the control of Cordet Lending S.à r.l. ("Cordet"). Cordet, along with a minority shareholder Ture Invest AB ("Ture"), together "the Lenders", have provided finance to the group of approximately £126m at the balance sheet date.

In December 2022, the existing borrowing facilities were extended with the same terms and interest rates as the original contractual obligations. Facility A of £50m is now repayable on 31 March 2024 and Facility C of £76m in now repayable on 30 April 2024. As such the borrowings are shown as long term liabilities.

As at 31 December 2022, the balance sheet shows that the group is in a net current liability and net liability position. This is primarily due to the increase in borrowings, which has increased as a result of interest capitalisation during the year, and the overall increase in outstanding balances due to merchants that are fully reconciled and segregated as client funds eligible assets as per requirements under the payment services directive.

In considering the appropriateness of the going concern basis of preparation, and whether any material uncertainty that would cast significant doubt over the group and company's ability to continue as a going concern exists, the directors have considered the following factors:

- The principal risks to the business, which are set out in the Strategic Report.
- The sufficiency of cashflow to fund the day to day operations of the business and meet regulatory requirements.
- The group's ability to renew or refinance the loans before their respective repayment dates.

Going concern (continued)

In assessing the sufficiency of cashflow the directors have prepared forecasts and cashflow projections to 2026. The forecasts do not allow for the repayment of the facilities with the Lenders. The directors expect the business to grow healthy Net Revenue and Gross Profit Margins and through economies of scale improve the EBITDA Margins year on year. Cashflow forecasts are expected to be strong and the core business and overall revenues generated month on month demonstrates that the business is cash positive and self sustainable for the long term foreseeable future. The group is not reliant on the debt facilities for its day to day operations as the core operations business is profitable and self sufficient.

In relation to the debt repayment, the shareholders have initiated proceedings to refinance the debt facilities during 2023 and are considering other options for debt and/or equity financing to replace the current facilities agreements that are in place.

The directors have been working closely with the shareholders to find adequate replacement options, both in terms of interest rates and types, and longer term options to sustain the growth plans, capital and investment infrastructure, liquidity and the overall long term strategy of the group. At the reporting date the loan restructuring has not been concluded.

The directors are confident that a satisfactory resolution will be achieved through a deleveraging or refinancing event prior to their maturity dates in 2024. However, should the current facilities not have been refinanced prior to their maturity a further extension of the maturity dates on the existing facilities will be required.

Although this is not the directors preferred option 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, coupled with an additional €6m being provided during 2022. As a result, the directors are confident that future support would be provided by the Lenders should it be required.

Having considered the above factors, the directors believe that the group is able to manage its financing and other business risks satisfactorily and have a reasonable expectation that the company and group have adequate resources to continue in operation for the foreseeable future and at least 12 months from the signing date of these financial statements.

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.

Future developments

The group continues to execute its growth plans in traditional low risk retail verticals for 2023, and the overall risk profile of the group continues to improve with lower fraud and chargeback ratios expected, given the lower percentage dependency on high risk merchant processing. The group continues to monitor card scheme developments closely and with the recent investment in our screening and ongoing monitoring tools through industry leading fraud detection tools, management are confident that our screening of merchant details and the transaction monitoring systems are more robust and efficient.

There has undoubtedly been strong growth in 2022, and the underlying investment in core operations and product changes has now positioned the business well for strong future scaling. In addition, the group has commenced its UK merchant portfolio migration during the first quarter of 2023 onto its FCA license in the UK, which will supplement the existing EU based license, and will ensure regulatory and operational continuity to service merchants post Brexit. The UK merchant portfolio migration is expected to be complete by the second quarter of 2023. However even though the EU based entity will expect slightly lower volumes and revenues as a consequence of this migration, our EU operations is still expected to remain profitable, self sustainable and will continue to grow and expand its existing EU and EEA Merchant base portfolio.

As a truly omnichannel provider of payments, our retail technology company Trust Retail will enable the group to expand into Android based point of sale terminals, integrated and mobile solutions for merchants and partners and develop a broader proposition for merchants. Trust Retail are retail operations technology specialists who partner with global retailers to connect and deliver exceptional customer experiences in store and online through intelligent, fit for purpose technology. Their offering centres on Cloud native, Android based technologies to deliver real time, remote configurations, speeding up the checkout process, engaging customers and providing single view of products, customers, and inventory. Other innovative developments to look forward to include the ability for Trust Payments to offer its own IBANs to customers.

Future developments (continued)

Additionally, the group's product – Stor - an innovative eCommerce platform enabling merchants to sell direct to consumers will accelerate Trust Payments' offering in the SME sector where many businesses struggle with digitisation strategies. The platform offers powerful online shopping solutions to equip merchants with extensive easy to use tools and going forward this expansion offers value added services to customers, letting them develop commerce journeys beyond pure payments, and giving customers and partners greater choice and support for their businesses.

Streamlined Energy Carbon Reporting

Trust Payments Limited is required to report its UK energy use and associated greenhouse gas emissions in accordance with the UK Companies Act 2006.

The business operates from many offices within the UK and the data presented below represent emissions and energy use for which Trust Payments is directly responsible. This has been obtained from gathering data from electricity, gas and water bills. For some data sources, assumptions have been used where energy and carbon use cannot be calculated exactly from primary data. These are recorded and any changes in source data and methodology in future years will be notified. All carbon emissions factors are taken from UK Government GHG Conversion Factors for Company Reporting, issued by Defra and BEIS, for the appropriate years.

The data presented represents the 12 month period from 1 January 2022 to 31 December 2022, with the comparative period representing the 12 month period from 1 January 2021 to 31 December 2021.

	2022	(As restated) 2021
Total energy consumption	**493,218 kWh**	376,617 kWh
Total water consumption	**850 Cubic metres**	842 Cubic metres
Emissions from combustion of gas (scope 1)	**19.8 tCO2e**	18.2 tCO2e
Emissions from purchased electricity (scope 2)	**64.6 tCO2e**	54.0 tCO2e
Emissions from purchased water (scope 3)	**0.13 tCO2e**	0.13 tCO2e
Emissions from business travel in employee owned vehicles (scope 3)	**15.6 tCO2e**	8.0 tCO2e
Total gross emissions	**100.0 tCO2e**	80.2 tCO2e
Annual emissions per employee (UK FTE)	**0.20 tCO2e/employee**	0.31 tCO2e/employee

Streamlined Energy Carbon Reporting (continued)

The reporting scope includes the following energy sources (split between mandated figures with a total, and additional voluntary figures):

1. Electricity used for Trust Payments Ltd at occupied buildings (Scope 2)
2. Gas used to heat Trust Payments Ltd occupied buildings (Scope 1)
3. Transport fuel used for Trust Payments Ltd (Scope 3), which includes business mileage in personal vehicles.
4. Transport fuel used for Trust Payments Ltd (Scope 3), which includes business mileage in company owned and hire vehicles.
5. Water used for Trust Payments Ltd at occupied buildings (Scope 3)
6. Waste generated at Trust Payments Ltd at occupied buildings (Scope 3)
7. Business Travel (air, rail and taxi) for Trust Payments Ltd employees (Scope 3)

Methodology

The methodology used in the creation of this SECR report is consistent with the requirements of the GreenHouse Gas (GHG) Reporting Protocol, a Corporate Accounting and Reporting Standard and in accordance with Defra's Environmental Reporting guidelines, including the Streamlined Energy and Carbon Reporting requirements. 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.

The reporting scope in the above table includes the following in the organisational boundary, following an operational control approach for Trust Payments Ltd.

Comparison to previous financial year

As part of our commitment on transparency and for establishing our full impact on the environment in order to set the appropriate targets to reduce this impact, for the SECR 2022 report we have included our additional UK offices where we are not directly responsible for sourcing the electricity, gas, and water providers. By including these offices, the total number of offices reported from the prior year has increased from one to five. The figures for 2021 have been reinstated to reflect this increase of scope. In addition, annual emissions figures for prior years have been restated to reflect the collation of subsequent changes in consumption data and the correction of emissions.

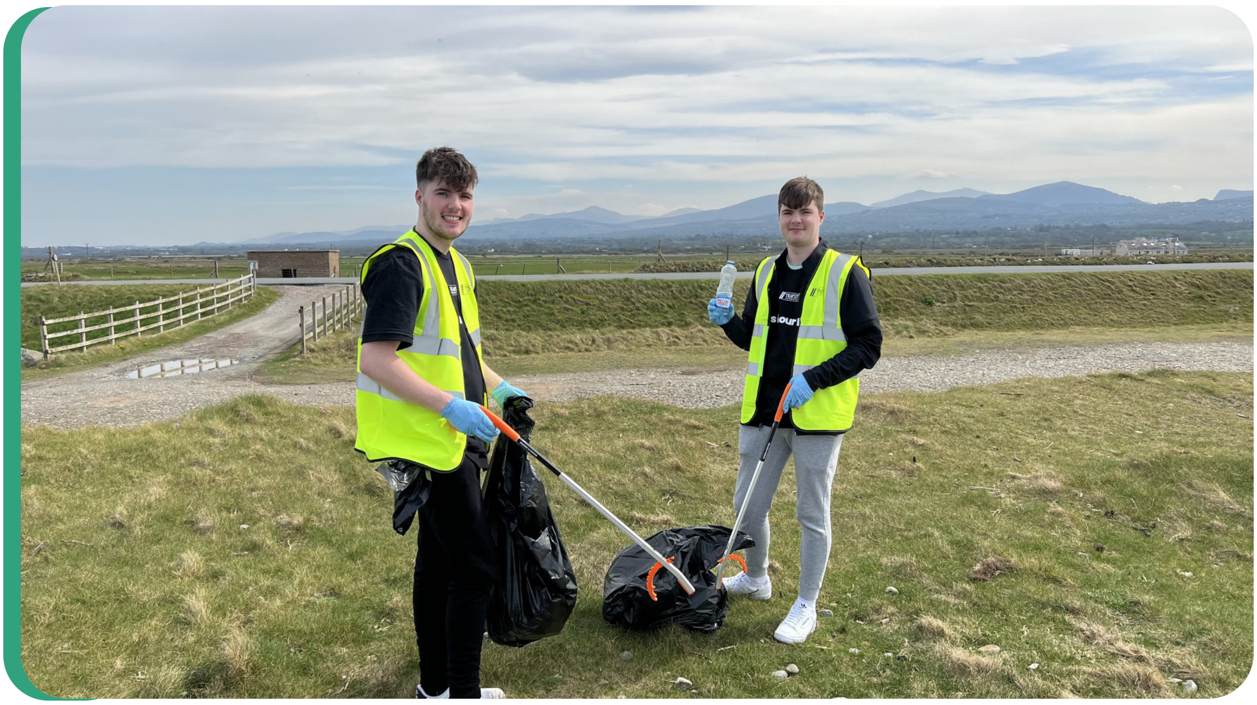
Over the period, we have seen an increase in employee numbers returning to the office, mainly due to the recovery from the COVID 19 pandemic. This return to normal daily operations has also seen an increase in business travel. A return to air travel was a significant driver of business travel activity in 2022, but there was also an increase in car and rail activity. It should also be noted that employee numbers grew significantly in the reported period from 312 in 2021, to 486 in 2022.

This has resulted in an increase in absolute energy consumption, with energy consumption in kWh increasing by over 30% compared with 2021. A growth in electricity consumption accounts for most of this absolute increase and there were small increases in gas consumption and employee owned vehicle travel activity. However, on an intensity basis, energy consumption decreased by 32% in 2022 compared with 2021.

Primary energy efficiency measures implemented

Trust Payments is strongly committed to protecting the environment and to contributing to sustainable development. Some of the actions we have undertaken in the last financial year to embed continuous environmental improvements in our everyday business include:

- Providing specific facilities in each location to encourage recycling of waste and the disposal of waste in the appropriate receptacles
- Provide all employees with merchandise to reduce demand for single use water bottles
- Reusing office supplies whenever possible
- Recycling batteries and electronic equipment appropriately and donating old tech
- Using environmentally friendly products in kitchen areas
- Conserving electricity through the operation of light sensors in the office area and toilets
- Encouraging employees to turn off any electrical equipment when not in use
- Promoting sustainable travel and introducing a cycle to work scheme
- Inviting all employees to suggest any improvements we can make together, to reduce impact on the environment.



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 2023 and longer term financial planning and forecasts 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 wellbeing and competency of staff via regular on the job training and consultations with employees. Staff events, including sport events, charity contributions, nature clean ups, and events linked towards the overall wellbeing of our employees have all been included as regular events in our staff calendar. The introduction of quarterly townhalls for all employees has ensured that everyone involved in the direction or the organisation, product innovation and overall company objectives. 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 reflect 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. During the year a procurement function has also been put in place to ensure all supplier and business relationships are constantly maintained, improved and all contracted relationships adapted to suit the business needs of our current environment and best market practices.

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 the board looks at these issues regularly and puts best practice recommendations forward as appropriate. During the year under review the company and its people have contributed to the community and environment in several events organised by our People Team across the year, with the participation of all employees across all offices in UK, Malta and the USA.

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. Quarterly townhalls and regular monthly department meetings with the executive teams ensures that our people are well informed and kept up to date with the direction and overall objectives of the organisation. An executive management team, representing different areas of the business operates at a group level and meet regularly to ensure the strategic path and long term objectives are executed.

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: 23rd May 2023

Directors' report

The directors present their report and the financial statements for the year ended 31 December 2022.

Principal activities

The group's principal activities significantly expanded in 2022 and now consist of the provision of online and in store technology solutions, together with fully integrated payment processing services to allow merchants and partners to support digitised commerce across all channels. Within this, key services include regulated merchant acquiring services, data management, and innovative products designed for key verticals.

Directors' Report

The directors who served during the year were:

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

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.

Disabled employees

Our group Diversity & Inclusion Policy, which applies in the UK encompasses all elements of Diversity, Equality & Inclusion across all of our employment practices including recruitment, performance management and promotions. All our recruitment activity is accessible to all candidates and candidates are asked as part of the screening process whether any reasonable adjustments are needed to enable them to fully participate in our selection process. All employees complete Equality & Diversity training through TrustLearn, our Learning portal during their onboarding. More recently, we have started the rollout of Diversity & Inclusion Workshops for all employees and Consciously Inclusive Recruitment for line managers. We are committed to ensuring our culture is inclusive for all and we are an organisation that supports and actively encourages all employees to be their authentic self and our D&I Committee is fully involved in the business.

Employees

Communication is key for Trust Payments to engage with its employees globally. There are formal ways that the business shares information with employees in addition to line managers directly cascading information throughout the company, including quarterly 'One Trust' townhalls. Each department also contributes to the internal quarterly newsletter and the use of our company intranet, Trustnet is also available. Employees are invited annually to participate in the Best Companies Employee Engagement survey and employee feedback is shared and action plans are implemented that address any opportunities for continuous improvement.

Several Management employees are shareholders in Trust Payments and the broader organisation are either on sales incentive plans or are part of the wider company short term incentive scheme. All these reward programmes ensure that employees understand their involvement and can fully play a part in the overall success of Trust Payments as a business.

All employees are fully briefed on the financial performance of the company and informed of any financial and economic factors impacting the business in our regular townhalls and where necessary, an exceptional townhall or written communication is shared as appropriate.

Employee engagement statement

Directors have an ‘open door’ policy which employees value having shared this feedback as part of our Employee Engagement survey. Employees feel positive that the Executive Committee are very accessible to them. This level of openness is a key strength within our employee centric culture. This level of interaction is in addition to the formal communications that take place internally.

A People [illegible] pdate is shared monthly within the overall Board Report and the Chief People Officer interacts with directors on a regular basis ensuring that they are fully aware of any people related activities and employee interests.

[illegible]

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: 23rd May 2023

Directors’ responsibilities statement

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

Directors' responsibilities statement

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 UK 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 judgements and estimates that are reasonable and prudent;

- State whether they have been prepared in accordance with IFRS as adopted by the UK, subject to any material departures disclosed and explained in the financial statements;
- State whether the separate 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.

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 2022 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 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable law and UK adopted International Accounting Standards (IFRS).
The financial reporting framework that has been applied in the preparation of the parent financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 2022 and of the group's loss for the year then ended;

the group financial statements have been properly prepared in accordance with UK adopted IFRS ;

separate parent financial statements have been properly prepared in accordance with UK GAAP, including FRS 101 Reduced Disclosure Framework, and

the 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. 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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and parent company's ability to continue as a going concern.

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

Other information

The other information comprises the information included in the Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Financial Statements. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 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 responsibilities statement on page 30, 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.

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 group and 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 group and company, including the Companies Act 2006, taxation legislation, employment legislation, Payment Card Industry Data Security Standards, Payment Services Regulations, Financial Conduct Authority (FCA) regulations, Malta Financial Services Authority (MFSA) regulations, anti money laundering legislation and GDPR;

- We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and

We assessed the susceptibility of the group and 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;
- Investigated the rationale behind significant or unusual transactions;
- Performed testing of revenue streams; and
- 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;
- Reviewing correspondence with HMRC, FCA, and Payment Card Industry Security Standards Council approved assessors; and
- Reviewing the findings of audit work performed by auditors of significant components in relation to reviewing correspondence with the MFSA and work performed to confirm compliance with regulator requirements.

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: https://www.frc.org.uk/auditors/audit-assurance-ethics/auditors-responsibilities-for-the-audit. 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.

Jacqueline Oakes (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

Date: 30th May 2023

Consolidated statement of profit or loss for the year ended 31 December 2022

	Note	2022	2021
		£	£
Revenue	5	**151,514,592**	108,654,053
Cost of sales		**(94,047,222)**	(65,811,001)
Gross profit		**57,467,370**	42,843,052
Administrative expenses	4	**(58,320,720)**	(34,357,054)
Other operating income	6	**174,878**	274,987
(Loss)/profit from operations		**(678,472)**	8,760,985
Finance expense	10	**(24,426,887)**	(10,911,404)
Fair value gains	11	**3,533,589**	62,270
Loss before taxation		**(21,571,770)**	(2,088,149)
Tax on loss	16	**(76,581)**	(1,453,260)
Loss for the year		**(21,648,361)**	(3,541,409)

The notes on pages 50 to 125 form part of these financial statements.

Non-GAAP measure	2022	2021
	£	£
(Loss)/profit from operations	**(678,472)**	8,760,985
Amortisation	**13,440,794**	5,970,233
Depreciation	**2,704,168**	1,098,230
EBITDA	**15,466,490**	15,829,448

Statement of other comprehensive income for the year ended 31 December 2022

	2022	2021
	£	£
Loss for the year	**(21,648,361)**	(3,541,409)
Items that may be reclassified to profit or loss:		
Exchange gains/(losses) arising on translation on foreign opertions	**1,722,214**	(159,571)
	1,772,214	(159,571)
Other comprehensive income/(loss) for the year, net of tax	**1,772,214**	(159,571)
Total comprehensive loss	**(19,926,147)**	(3,700,980)

The notes on pages 50 to 125 form part of these financial statements.

Consolidated statement of financial position for the year ended 31 December 2022

	Note	2022 £	2021 £
Assets			
Non-current assets			
Property, plant and equipment	12	**9,592,056**	5,175,713
Other intangible assets	14	**38,891,902**	37,740,542
Goodwill	15	**56,289,187**	56,036,471
Deferred tax assets	16	**36,364**	124,383
		104,809,509	99,077,109
Current assets			
Trade and other receivables	17	**76,419,250**	35,610,071
Cash and cash equivalents	18	**91,210,969**	73,450,522
Current asset investments	27.2	**9,980,021**	9,215,403
		177,610,240	118,275,996
Total assets		**282,419,749**	217,353,105
Liabilities			
Non-current liabilities			
Trade and other liabilities	20	**-**	3,783,766
Loans and borrowings	21	**130,017,535**	100,934,808
Deferred tax liability	16	**3,478,375**	4,282,150
		133,495,910	109,000,724
Current liabilities			
Trade and other liabilities	20	**187,617,658**	130,843,998
Loans and borrowings	21	**1,041,167**	350,332
		188,658,825	131,194,330
Total liabilities		**322,154,735**	240,195,054
Net liabilities		**(39,734,986)**	(22,841,949)

Consolidated statement of financial position for the year ended 31 December 2022 (continued)

	Note	2022 £	2021 £
Issued capital and reserves attributable to owners of the parent	**23**		
Share capital	22	**100**	100
Foreign exchange reserve		**2,009,881**	287,667
Other reserves		**3,000,000**	-
Retained earnings		**(44,744,967)**	(23,129,716)
Total equity		**39,734,986**	(22,841,949)

The financial statements on pages 39 to 125 were approved and authorised for issue by the board of directors and were signed on its behalf by:

D I Holden
Director

Date: 23rd May 2023

The notes on pages 50 to 125 form part of these financial statements.

Company statement of financial position for the year ended 31 December 2022

	Note	2022	2021
		£	£
Assets			
Non-current assets			
Property, plant and equipment	12	**4,482,588**	2,354,263
Other intangible assets	14	**8,325,673**	7,493,436
Investments	13	**88,296,589**	88,043,873
		101,104,850	97,891,572
Current assets			
Trade and other receivables	17	**16,098,535**	11,862,985
Cash and cash equivalents	18	**699,539**	45,079
		16,798,088	11,908,064
Total assets		**117,902,938**	109,799,636
Liabilities			
Non-current liabilities			
Trade and other liabilities	20	**-**	3,783,766
Loans and borrowings	21	**127,955,321**	99,378,517
		127,955,321	103,162,283
Current liabilities			
Trade and other liabilities	20	**41,780,954**	41,299,583
Loans and borrowings	21	**268,592**	-
		42,049,546	41,299,583
Total liabilities		**170,004,867**	144,461,866
Net liabilities		**(52,101,929)**	(34,662,230)

Company statement of financial position for the year ended 31 December 2022 (continued)

	Note	2022 £	2021 £
Issued capital and reserves attributable to owners of the parent	**23**		
Share capital	22	**100**	100
Other reserves		**3,000,000**	-
Retained earnings		**(55,102,029)**	(34,662,330)
Total equity		**(52,101,929)**	(34,662,230)

The company's loss and total comprehensive income for the year was £20,439,699 (2021 £15,240,617).

The financial statements on pages 39 to 125 were approved and authorised for issue by the board of directors and were signed on its behalf by:

D I Holden
Director

Date: 23rd May 2023

The notes on pages 50 to 125 form part of these financial statements.

Consolidated statement
of changes in equity for the year ended 31 December 2022

	Share capital	Foreign exchange reserve	Other reserves	Retained earnings	Total attributable to equity holders of parent	Total equity
	£	£		£	£	£
At 1 January 2021	100	447,238	-	(20,351,622)	(19,904,284)	(19,904,284)
Comprehensive income for the year						
Loss for the year	-	-		(3,541,409)	(3,541,409)	(3,541,409)
Other comprehensive income for the period	-	(159,571)		-	(159,571)	(159,571)
Total comprehensive income for the year	-	(159,571)		(3,541,490)	(3,700,980)	(3,700,980)
Contributions by and distributions to owners						
Share based payments	-	-	-	763,315	763,315	763,315
Total contributions by and distributions to owners	-	-	-	763,315	763,315	763,315
At 31 December 2021	100	287,667	-	(23,129,716)	(22,841,949)	(22,841,949)
At 1 January 2022	100	287,667	-	(23,129,716)	(22,841,949)	(22,841,949)
Comprehensive income for the year						
Loss for the year	-	-	-	(21,648,361)	(21,648,361)	(21,648,361)
Other comprehensive income for the year	-	1,722,214	3,000,000	-	4,722,214	4,722,214
Total comprehensive income/(loss) for the year		1,722,214	3,000,000	(21,648,361)	(16,926,147)	(16,926,147)

Consolidated statement

of changes in equity for the year ended 31 December 2022 (continued)

	Share capital	Foreign exchange reserve	Other reserves	Retained earnings	Total attributable to equity holders of parent	Total equity
	£	£		£	£	£
Contributions by and distributions to owners						
Share based payments	-	-	-	33,110	33,110	33,110
Total contributions by and distributions to owners				33,110	33,110	33,110
At 31 December 2022	100	2,009,881	3,000,000	(44,744,967)	(39,734,986)	(39,734,986)

Company statement of changes in equity for the year ended 31 December 2022

	Share capital £	Retained earnings £	Total equity £
At 1 January 2021	100	(19,735,146)	(19,735,046)
Comprehensive income for the year			
Loss for the year	-	(15,240,617)	(15,240,617)
Total comprehensive income for the year	-	(15,240,617)	(15,240,617)
Contributions by and distributions to owners			
Share based payments	-	313,433	313,433
Total contributions by and distributions to owners	-	313,433	313,433
At 31 December 2021	100	(34,622,330)	(34,662,230)
At 1 January 2022	100	(34,662,330)	(34,662,230)
Comprehensive loss for the year			
Loss for the year	-	(20,439,699)	(20,439,699)
Total comprehensive income for the year	-	(20,439,699)	(20,439,699)
Contributions by and distributions to owners			
Total contributions by and distributions to owners	-	-	-
At 31 December 2022	100	(55,102,029)	(55,101,929)

Consolidated statement of cash flows
for the year ended 31 December 2022

	Note	2022	2021
		£	£
Cash flows from operating activities			
Loss for the year		**(21,648,361)**	(3,541,409)
Adjustments for			
Depreciation of property, plant and equipment	12	**2,704,168**	1,098,230
Loss on disposal of property, plant and equipment	12	**32,058**	-
Amortisation of intangible fixed assets	14	**13,440,794**	5,970,233
Impairment loss recognised on trade receivables		**1,872,092**	1,494,973
Change in value of investment		**(52,820)**	(62,270)
Finance expense	10	**20,139,975**	13,846,092
Share-based payment expense		**33,110**	763,315
Net foreign exchange loss/(gain)		**3,226,248**	(2,936,608)
Income tax expense	16	**78,947**	1,453,260
		19,826,211	18,085,816
Movements in working capital:			
Increase in trade and other receivables		**(43,548,799)**	(11,153,672)
Increase in trade and other payables		**55,343,539**	46,148,561
Cash generated from operations		**31,620,951**	53,080,705
Net cash from operating activities		**31,620,951**	53,080,705
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		**(252,716)**	(12,986,766)
Purchases of property, plant and equipment		**(5,150,339)**	(1,968,093)
Purchase of intangible assets	14	**(14,539,306)**	(13,817,000)
Purchases of available-for-sale financial assets		**(224,037)**	
Net cash used in investing activities		**(20,166,398)**	(28,771,859)

Consolidated statement of cash flows
for the year ended 31 December 2022

		2022	2021
		£	£
Cash flows from financing activities			
Proceeds from bank borrowings		**4,957,416**	13,218,940
Payment of lease liabilities		**(373,736)**	(357,393)
Net cash from financing activities		**4,583,680**	12,861,547
Net cash increase in cash and cash equivalents		**16,038,233**	37,170,393
Cash and cash equivalents at the beginning of year		**73,450,522**	36,439,700
Exchange gains/(loss on cash and cash equivalents		**1,722,214**	(159,571)
Cash and cash equivalents at the end of the year	18	**91,210,969**	73,450,522

The notes on pages 50 to 125 form part of these financial statements

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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 online and in store technology solutions, together with fully integrated payment processing services to allow merchants and partners to support digitised commerce across all channels. Within this, key services include regulated merchant acquiring services, data management, and innovative products designed for key verticals.

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

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

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

The following accounting policies have been applied:

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 UK ("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 Ltd.

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 New IFRS Accounting standards and interpretations

a) Standards issued and effective beginning on or after 1 January 2022

There are no new standards, interpretations and amendments that are effective for the first time for the financial year beginning 1 January 2022 that had a material impact on the group. The details are below;

- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

Annual Improvements to IFRS Accounting Standards 2018-2020 cycle

- IFRS 1 First – time Adoption of International Financial Reporting Standards – Subsidiary as a first time adopter
- IFRS 9 Financial Instruments – Fees in the 10 per cent test for derecognition of financial liabilities
- IAS 41 Agriculture – Taxation in fair value measurements

These amendments had no impact on the consolidated financial statements of the group.

Accounting policies (continued)

b) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the group's financial statements are disclosed below. The group intends to adopt these standards, if applicable, when they become effective.

- IFRS 17: Insurance Contracts
- Amendments to IAS 1: Classification of Liabilities as Current or Non current
- Amendments to IAS 8: Accounting Policies
- Changes in Accounting Estimates and Errors, Amendments to IAS 12: Income Taxes

The directors do not expect that the adoption of the new standard and amendments to the existing standards listed above will have a material impact on the consolidated financial statements of the group in future periods.

2.3 Basis of consolidation

The financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2022.

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.

Accounting policies (continued)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

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.

2.4 Going concern

Trust Payments Limited, and its subsidiaries (together "the group") are under the control of Cordet Lending S.à r.l. ("Cordet"). Cordet, along with a minority shareholder Ture Invest AB ("Ture"), together "the Lenders", have provided finance to the group of approximately £126m at the balance sheet date.

In December 2022 the existing borrowing facilities were extended with the same terms and interest rates as the original contractual obligations. Facility A of £50m is now repayable on 31 March 2024 and Facility C of £76m in now repayable on 30 April 2024. As such the borrowings are shown as long term liabilities.

As at 31 December 2022 the balance sheet shows that the group is in a net current liability and net liability position. This is primarily due to the increase in borrowings, which has increased as a result of interest capitalisation during the year, and the overall increase in outstanding balances due to merchants that are fully reconciled and segregated as client funds eligible assets as per requirements under the payment services directive.

Accounting policies (continued)

In considering the appropriateness of the going concern basis of preparation, and whether any material uncertainty that would cast significant doubt over the group and company's ability to continue as a going concern exists, the directors have considered the following factors.

- The principal risks to the business, which are set out in the Strategic Report.
- The sufficiency of cashflow to fund the day to day operations of the business and meet regulatory requirements.
- The group's ability to renew or refinance the loans before their respective repayment dates.

In assessing the sufficiency of cashflow the directors have prepared forecasts and cashflow projections to 2026. The forecasts do not allow for the repayment of the facilities with the Lenders. The directors expect the business to grow healthy Net Revenue and Gross Profit Margins and through economies of scale improve the EBITDA Margins year on year. Cashflow forecasts are expected to be strong and the core business and overall revenues generated month on month demonstrates that the business is cash positive and self sustainable for the long term foreseeable future. The group is not reliant on the debt facilities for its day to day operations as the core operations business is profitable and self sufficient.

In relation to the debt repayment, the shareholders have initiated proceedings to refinance the debt facilities during 2023 and are considering other options for debt and/or equity financing to replace the current facilities agreements that are in place.

The directors have been working closely with the shareholders to find adequate replacement options, both in terms of interest rates and types, and longer term options to sustain the growth plans, capital and investment infrastructure, liquidity and the overall long term strategy of the group. At the reporting date the loan restructuring has not been concluded.

The directors are confident that a satisfactory resolution will be achieved through a deleveraging or refinancing event prior to their maturity dates in 2024. However, should the current facilities not have been refinanced prior to their maturity a further extension of the maturity dates on the existing facilities will be required.

Accounting policies (continued)

Although this is not the directors preferred option 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, coupled with an additional €6m being provided during 2022. As a result, the directors are confident that future support would be provided by the Lenders should it be required.

Having considered the above factors the directors believe that the group is able to manage its financing and other business risks satisfactorily and have a reasonable expectation that the company and group have adequate resources to continue in operation for the foreseeable future and at least 12 months from the signing date of these financial statements.

2.5 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interest issued by the group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share based payment arrangements of the group entered into to replace share based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share Based Payments at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Accounting policies (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

When the consideration transferred by the group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Accounting policies (continued)

2.6 Revenue

IFRS 15 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or service and is measured on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

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 group's activities. Revenue is shown net of value added tax, returns, rebates and discounts.

The group's performance obligations are the carrying out of onboarding procedures, the processing of credit or debit card payments on behalf of merchants and the processing of chargebacks and refunds. The three performance obligations are considered as distinct performance obligations. Revenue for onboarding procedures is recognized at a point in time.
The revenue arising out of the second and third performance obligation mentioned above is recognized over time but the group applies the invoiced amount practical expedient to measure progress since the group has the right to invoice its customers in an amount that corresponds directly with its performance to date. Indeed, the service is deemed to have been rendered and completed once a transaction has been authorised and processed and 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.

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.

Accounting policies (continued)

2.7 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 profit and loss except when deferred in other comprehensive income as qualifying cash flow hedges. Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit and loss within 'finance income or expense'. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within 'administrative expenses'.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non controlling interests as appropriate).

On the disposal of a foreign operation, all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

Accounting policies (continued)

2.8 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.

Short term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2.9 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.

Accounting policies (continued)

2.10 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 is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method.

Deferred tax arises from temporary differences that are differences between taxable profits and total comprehensive income as stated 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.

Accounting policies (continued)

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

2.11 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.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Accounting policies (continued)

Development expenditure

Internally generated intangible assets arising from development (or the development phase of an internal project) is recognised if, and only if all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use of sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefit;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

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 written 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.

Accounting policies (continued)

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 ten years.

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. For the purpose of impairment testing, goodwill is allocated to each of the group's cash generating units (or groups of cash generating units) expected to benefit from the synergies of the combination. The need for impairment is tested by comparing the recoverable amount of the cash generating unit (CGU) to the carrying value. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment is recognised immediately in the Consolidated Statement of Profit or Loss. 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.

2.12 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.

Accounting policies (continued)

Depreciation is provided on the following basis:

Fixtures and fittings	3 years
Office equipment	3 years
Computer equipment	2-3 years
Right of use assets: Leasehold property	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.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Accounting policies (continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

2.13 Financial instruments

Financial assets and financial liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

The group accounts for its major classes of financial instruments as set out below.

Accounting policies (continued)

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, it's 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.

Accounting policies (continued)

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.

Accounting policies (continued)

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.

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.

2.14 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.

Bank balances for which use by the group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash.

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.

Accounting policies (continued)

2.15 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.

2.16 Share based payments

The Trust Payments Holdings Limited ("TPHL") group, to which this company belongs, has adopted long term incentive plans whereby share based awards, over TPHL's equity, have been granted to certain employees of the group and company.

The fair value of shares with specific share appreciation rights is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted.

The 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').

The equity settled share based payment expense has been recognised over the likely timescale to an exit event.

Accounting policies (continued)

2.17 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 subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. 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.

Accounting policies (continued)

The group applies IAS 36 to determine whether a right of use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Critical accounting estimates and judgement

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 14 for the net carrying amount of acquired intangibles.

Impairment testing

The directors consider the recoverable amount of goodwill allocated to its acquired cash generating units to be 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 costs, revenue projections are inherently uncertain due to the nature of the group's business and unstable market conditions. Goodwill is allocated across the following cash generating units; Payment Gateway, Acquiring Bank and Commerce Platform. See Note 15 for the net carrying amount of goodwill.

Critical accounting estimates and judgement (continued)

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 13 for the net carrying amount of the fixed asset investments.

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 17 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 marketplace. See Note 24 for the future minimum lease payments and the present value of minimum lease payments. The incremental borrowing rate for additions in the year was 10% (2021: 10%).

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 17 for the net carrying amount of amounts due from group undertakings.

Critical accounting estimates and judgement (continued)

Recognition of internally generated intangible assets

Internally generated intangible assets arising from development (or the development phase of an internal project) is recognised if, and only if all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use of sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefit;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

See Note 14 for the net carrying amount of internally generated intangibles recognised in the year. Judgement is required on whether the recognition criteria have been met and estimated as to the percentage of staff salaries spent on eligible development.

Impairment of internally generated intangible assets arising from development

The group makes an estimate of the recoverable value of internally generated intangible assets. When assessing impairment, management considers factors including the discounted value of future cash flows. Revenue projections, for an early stage product, are inherently uncertain due to the nature of the company's business and unstable market conditions. See Note 14 for the net carrying amount of internally generated intangibles, there has been no impairment recognised in the year.

Administrative expenses

	2022 £	2021 £
Staff costs	**23,318,707**	16,963,645
Staff training and welfare	**665,099**	370,271
Entertainment and travel	**1,270,999**	443,191
Consultancy	**186,896**	181,217
Stationery, post, telephone, computer, office	**3,090,753**	1,857,564
Advertising and promotion	**965,432**	601,208
Subs and donations	**381,516**	77,142
Professional fees	**2,526,625**	2,143,790
Expected credit losses impairment provision	**1,872,092**	1,494,973
Difference on foreign exchange	**(5,508,256)**	(986,851)
Rent	**210,350**	374,764
Insurances	**266,398**	127,747
Sundry expenses	**457,388**	96,393
Amoritisation	**13,440,794**	5,970,233
Depreciation	**2,704,168**	1,098,230
Loss of diposal of assets	**5,058**	-
Bank charges	**1,012,750**	866,791
Non operating MC Schemes fees	**2,362,447**	133,506
Recruitment	**1,273,902**	586,551
Other costs	**1,817,602**	1,956,689
	58,320,720	34,357,054

Revenue

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

	2022	2021
	£	£
Sale of services	**151,514,592**	108,654,053

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

Analysis of revenue by country of destination:

	2022	2021
	£	£
United Kingdom	**10,881,544**	6,570,656
Rest of Europe	**140,155,094**	100,801,513
Rest of the world	**477,954**	1,281,884
	151,514,592	108,654,053

Timing of revenue recognition:	**2022**	2021
	£	£
Goods and services transferred over time	**141,062,537**	101,484,441
Goods and services transferred at a point in time	**10,452,055**	7,169,612
	151,514,592	108,654,053

Other operating income

	2022	2021
	£	£
Other operating income	**174,878**	–
Government grants receivable	**-**	274,987
	174,878	274,987

Auditor's remuneration

During the year, the group obtained the following services from the company's auditor and its associates.

	2022 £	2021 £
Fees payable to the company's auditors and its associates for the audit of parent company and consolidated financial statements	**126,685**	43,883
Fees payable to company's auditors and its associates for other services:		-
Audit of the financial statements of the company's subsidiaries	**150,021**	61,050
Tax compliance services	**33,375**	26,225
	310,081	131,158

Employees

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

Employee benefit expenses (including directors) comprise:	**2022** **£**	2021 £
Wages and salaries	**25,758,310**	15,171,098
Social security costs	**2,938,093**	1,498,752
Defined contribution pension cost	**622,304**	293,795
Share based payment expenses	**33,110**	763,315
	29,351,817	17,726,960

Payroll costs amounting to £1,591,822 (2021: £1,036,287), not included in the above, have been capitalised in the year as computer software and development expenditure relating to time spent by employees on capital projects.

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.

	2022 **£**	2021 £
Short term employee benefits	**2,644,806**	1,976,406
Share based payment expense	**33,110**	763,315
	2,677,916	2,730,721

During 2020, seven members of key management personnel entered the group's long term incentive scheme (see Note 26). Recognised in the group's consolidated accounts is a share based payment expense of £33,110 (2021: £763,315) in relation to equity settled share based payments in the parent, Trust Payments Holdings Ltd.

Average number of **people employed**

Average number of people, including executive directors, employed.

	2022	2021
Executives	**9**	8
IT staff	**93**	46
Sales and administrative staff	**384**	258
	486	312

Directors remuneration

	2022	2021
	£	£
Wages and salaries	**388,125**	307,500

The highest paid director received remuneration of £388,125 (2021: £307,500).

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

Finance income and expense

Recognised in pro it or loss	**2022**	2021
	£	£
Finance expenses		
Bank interest receivable	**(22,199)**	-
Lease interest payable	**415,069**	186,085
Foreign exchange loss/(gain) on secured loans	**3,930,734**	(2,934,688)
Unwinding of discount on non-current liabilities Loan	**378,377**	232,942
interest payable	**19,697,819**	13,183,933
Other finance charges	**27,087**	243,132
Total finance expense	**24,426,887**	10,911,404
Net finance expense recognised in profit or loss	**(24,426,887)**	(10,911,404)

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

Fair value gains

	2022	2021
	£	£
Fair value movement on revaluation of contingent consideration (Note 20)	**3,481,107**	-
Fair value gain on financial instruments (Note 27.2)	**52,482**	62,270
	3,533,589	62,270

Property, plant and equipment

	Fixtures & fitting	Office equipment	Computer equipment	Right of use assets Leasehold property	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2021	**219,131**	107,348	**1,318,489**	1,721,416	**3,366,384**
Additions	**635,721**	198,224	**1,134,148**	2,858,158	**4,826,251**
Acquisition of subsidiary	**(180)**	11,193	**78,036**	-	**89,049**
Foreign exchange movements	**(9,348)**	(21,451)	**(158,566)**	(114,732)	**(304,097)**
At 31 December 2021	**845,324**	295,314	**2,372,107**	4,464,842	**7,977,587**
Additions	**283,581**	93,914	**4,772,844**	1,838,353	**6,988,692**
Disposals	**(14,978)**	(16,110)	**(10,027)**	-	**(41,115)**
Foreign exchange movements	**11,273**	17,655	**97,395**	170,277	**296,600**
At 31 December 2022	**1,125,200**	390,773	**7,232,319**	6,473,472	**15,211,764**
Accumulated depreciation and impairment					
At 1 January 2021	**211,491**	97,701	**1,115,762**	387,345	**1,812,299**
Charge owned for the year	**86,865**	21,822	**323,714**	655,829	**1,098,230**
Exchange adjustments	**(9,066)**	(6,760)	**(7,365)**	(85,464)	**(108,655)**
At 31 December 2021	**289,290**	112,763	**1,432,111**	967,710	**2,801,874**
Charge owned for the year	**268,833**	83,978	**1,322,838**	1,118,519	**2,704,168**
Disposals	**(832)**	(7,113)	**(1,112)**	-	**(9,057)**
Exchange adjustments	**10,627**	11,077	**31,952**	79,067	**132,723**
At 31 December 2021	**567,918**	200,705	**2,695,789**	2,165,296	**5,629,708**
Net book value					
At 1 January 2021	**7,640**	9,647	**202,727**	1,334,071	**1,554,085**
At 31 December 2021	**556,034**	182,551	**929,996**	3,497,132	**5,175,713**
At 31 December 2022	**557,282**	190,068	**4,536,530**	4,308,176	**9,592,056**

Property, plant and equipment (continued)

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

	Fixtures & fitting	Office equipment	Computer equipment	Right of use assets Leasehold property	Total
	£	£	£	£	£
Cost or valuation					
At 1 January 2021	**34,187**	-	**6,818**	-	**41,005**
Additions	**542,358**	62,072	**185,123**	1,747,152	**2,536,705**
At 31 December 2021	**576,545**	62,072	**191,941**	1,747,152	**2,577,710**
Additions	**88,223**	13,040	**2,669,657**	518,234	**3,289,154**
At 31 December 2022	**664,768**	75,112	**2,861,598**	2,265,386	**5,866,864**
Accumulated depreciation and impairment					
At 1 January 2021	**27,324**	-	**1,705**	-	**29,029**
Charge owned for the year	**77,028**	7,398	**22,634**	87,358	**194,418**
At 31 December 2021	**104,352**	7,398	**24,339**	87,358	**223,447**
Charge owned for the year	**201,782**	24,320	**413,518**	521,189	**1,160,829**
At 31 December 2022	**306,134**	31,738	**437,857**	608,547	**1,384,276**
Net book value					
At 1 January 2021	**6,863**	-	**5,113**	-	**11,976**
At 31 December 2021	**472,193**	54,674	**167,602**	1,659,794	**2,354,263**
At 31 December 2022	**358,623**	43,374	**2,423,741**	1,656,839	**4,482,588**

Subsidaries

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	Acquiring bank	Level 2, Ewropa Business Centre, Birkirkara, BKR 9034, Malta
Trust UK Payments Limited	Payment gateway	1 Royal Exchange, London, EC3V 3DG, England
Trust Payments Malta Holdings Limited	Holding company	Level 2, Ewropa Business Centre, Birkirkara, BKR 9034, Malta
Trust Payments Operations Malta Limited	Holding company	Level 2, Ewropa Business Centre, Birkirkara, BKR 9034, Malta
SecureTrading Group Inc.	Holding company	695 Mansell Rd; Suite 200 Roswell, GA 30076, United States of America
SecureTrading Inc.	Payment gateway	695 Mansell Rd; Suite 200 Roswell, GA 30076, United States of America
Trust UK Payments Limited	Dormant	1 Royal Exchange, London, EC3V 3DG, England
Mobilize Systems Limited	Loyalty card provider	1 Royal Exchange, London, EC3V 3DG, England
Trust Payments (IRE) Merchant Services DAC	Cost centre	One Spencer Dock, North Wall Quay, Dublin, Ireland D01 X9R7
Core Cloud Group Limited	E-commerce platform	1 Royal Exchange, London, EC3V 3DG, England
WL Solutions Limited	E-commerce platform	1 Royal Exchange, London, EC3V 3DG, England
Sure Can Pay Limited	E-commerce platform	1 Royal Exchange, London, EC3V 3DG, England
Trust Payments Cyprus Limited	Cost centre	Ayiou Athanasiou 62, avenue 4102, Cyprus

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

Subsidaries (continued)

Company

	2022	2021
	£	£
As at the beginning of the year	**88,043,873**	64,942,992
Additions	**252,716**	23,100,881
As at the end of the year	**88,296,589**	**88,043,873**

Intangible assets

	Other licenses	Office intangibles	Technology	Customer relationships	Computer software and development expenditure	Total
	£	£	£	£		£
Cost						
At 1 January 2021	**963,390**	330,963	**8,598,000**	4,318,000	9,258,090	**23,468,443**
Additions	**11,628**	633,154	**-**	-	13,172,218	**13,817,000**
On acquisition of subsidiaries		404,000	**6,988,753**	5,661,000	-	**13,053,753**
Foreign exchange movement	**(63,386)**	(29,726)	**-**	-	(!55,981)	**(249,093)**
At 31 December 2021	**911,632**	1,338,391	**15,586,753**	9,979,000	22,274,327	**50,090,103**
Additions	**211,191**	570,572	**-**	-	13,757,543	**14,539,306**
Foreign exchange movement	**59,512**	70,038	**-**	-	128,366	**257,916**
At 31 December 2022	**1,182,335**	1,979,001	**15,586,753**	9,979,000	36,160,236	**64,887,325**
Accumulated amortisation and impairment						
At 1 January 2021	**952,344**	66,280	**1,415,087**	1,439,333	2,974,136	**6,847,180**
Charge for the year	**11,417**	168,670	**892,458**	910,755	3,986,913	**5,970,233**
Foreign exchange movement	**(62,657)**	(5,976)	**-**	-	(399,219)	**(467,852)**
At 31 December 2021	**901,104**	228,974	**2,307,545**	2,350,108	6,561,830	**12,349,561**
Charge for the year	**63,794**	476,557	**1,558,675**	1,995,800	9,345,968	**13,440,794**
Foreign exchange movement	**53,334**	26,250	**-**	-	125,484	**205,068**
At 31 December 2022	**1,018,232**	731,781	**3,866,220**	4,345,908	16,033,282	**25,995,423**

Intangible assets

(continued)

	Other licenses	Office intangibles	Technology	Customer relationships	Computer software and development expenditure	Total
	£	£	£	£		£
Net book value						
At 1 January 2021	**11,046**	264,683	**7,182,913**	2,878,667	6,283,954	**16,621,263**
At 31 December 2021	**10,528**	1,109,417	**13,279,208**	7,628,892	15,712,497	**37,740,542**
At 31 December 2022	**164,103**	1,247,220	**11,720,533**	5,633,092	20,126,954	**38,891,902**

At 31 December 2022 the group had capital commitments of £1,225,969 (2021: £1,526,199) in relation to software licenses and development work.

Computer software and development costs includes capitalised development costs being an internally generated intangible asset.

Intangible assets
(continued)

	Office intangibles	Computer software and development expenditure	Total
	£		£
Cost			
At 1 January 2021	40,174	3,591,134	**3,631,308**
Additions	–	6,364,934	**6,364,934**
At 31 December 2021	40,174	9,956,068	**9,996,242**
Additions	–	4,948,464	**4,948,464**
At 31 December 2022	40,174	14,904,532	**14,944,706**
Accumulated amortisation and impairment			
At 1 January 2021	8,115	399,655	**407,770**
Charge for the year	13,391	2,081,645	**2,095,036**
At 31 December 2021	21,506	2,081,645	**2,502,806**
Charge for the year	12,232	4,103,995	**4,116,227**
At 31 December 2022	33,738	6,585,295	**6,619,033**
Net book value			
At 1 January 2021	32,059	3,191,479	**3,223,538**
At 31 December 2021	18,668	7,474,768	**7,493,436**
At 31 December 2022	6,436	8,319,237	**8,325,673**

At 31 December 2022 the company had capital commitments of £1,225,969 (2021: £1,526,199) in relation to software licenses and development work.

Computer software and development costs includes capitalised development costs being an internally generated intangible asset.

Goodwill

Group	2022	2021
		£
Cost	**56,289,187**	56,036,471
At 1 January	**56,036,471**	47,102,871
Additions	**252,716**	8,933,600
At 31 December	**56,289,187**	56,036,471

15.1 Allocation of goodwill to cash generating units

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

Payment Gateway	**4,311,289**	4,311,289
Acquiring bank	**42,791,582**	42,791,582
Commerce platform	**9,186,316**	8,933,600
	56,289,187	56,036,471

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.

Goodwill (continued)

The recoverable amounts of the cash generating units have been projected using value in use calculations. Cash flows have been forecast on 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 to forecasts 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 11.1%.

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

Commerce platform

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 CGU is considered to have an indefinite useful life and is reviewed for impairment at least annually or when a change in circumstances or situation indicates that the goodwill has suffered an impairment loss.

A terminal growth rate of 2% has been applied to forecasts 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 11.1%.

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

Tax expense

16.1 Income tax recognised in profit or loss

Current tax	2022	2021
		£
Current tax on profits for the year	**787,826**	(653,801)
Adjustments in respect of prior years	**(2,356)**	-
Total current tax	**785,470**	(653,801)
Defered tax expense		
Origination and reversal of timing differences	**(708,879)**	2,107,061
Total deferred tax	**(708,879)**	2,107,061
Total tax expense	**76,591**	1,453,260

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:

	2022	2021
		£
Loss for the year	**(21,648,361)**	(3,541,409)
Income tax expense	**76,591**	1,453,260
Loss before income tax	**(21,571,770)**	(2,088,149)
Tax using the company's domestic tax rate of 19% (2021:19%)	**(4,094,627)**	(396,748)
Expenses not deductible for tax purposes	**5,364,416**	1,590,966
Difference in tax rates	**(3,162,512)**	(2,378,291)
Unrelieved tax losses carried forward	**1,709,153**	3,227,372
Changes in deferred taxation due to changes in rates	**-**	(588,562)
Other differences	**384,643**	(12,188)
Withholding tax	**(124,482)**	251,418
Utilisation of tax losses	**-**	(240,607)
Total tax expense	**76,591**	1,453,260

Tax expense (continued)

Changes in tax rates and factors affecting the future tax charges

In the Spring Budget 2021, the UK 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. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

At the end of the year the group had unrecognised tax losses of £41,306,751 (2021: £33,328,890) to carry forward against future profits, these losses are being assessed for utilisation in future periods. No deferred tax asset has been recognised due to uncertainty on the availability and timing of the utilisation of the losses.

16.2 Current tax assets and liabilities

	2022	2021
		£
Current tax oassts		
Corporation tax repayable	-	158,215
Current tax liabilities		
Defered tax expense		
Corporation tax payable	**1,999,997**	1,390,932

Tax expense (continued)

16.3 Deferred tax balances

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

	2022	2021
		£
Deferred tax assets	**36,364**	124,383
Deferred tax liabilities	**(3,478,375)**	(4,282,150)
	(3,422,011)	(4,157,767)

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
	£			£
2022				
Property, plant and equipment	(145)	-	-	**(145)**
Intangible assets	(4,282,005)	708,879	-	**(3,573,126)**
Other temporary differences	124,383	-	6,877	**131,260**
	(4,157,767)	700,879	6,877	**(3,442,011)**

Tax expense (continued)

	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Acquisitions/ disposals	Closing balance
	£				£
2021					
Fixed asset temporary differences	12,582	(12,210)	(517)	-	**(145)**
Intangible assets	(1,911,700)	(249,305)	-	(2,121,000)	**(4,282,005**
Other temporary differences	2,045,501	(1,845,546)	(75,572)	-	**124,383**
	146,383	(2,107,061)	(76,089)	(2,121,000)	**(4,157,767)**

Trade and other receivables

Group

	2022	2021
	£	£
Receivables from contracts with customers	**73,976,576**	32,999,061
Expected credit loss provision - contracts with customers	**(3,201,755)**	(3,334,868)
Receivables from contracts with customers - net	**70,774,821**	29,664,193
Receivables from related parties	**642,737**	867,528
Total financial assets other than cash and cash equivalents classified as loans and receivables	**71,417,558**	30,531,721
Prepayments and contract assets	**4,308,329**	3,735,153
Other receivables	**693,363**	1,343,197
Total trade and other receivables	**76,419,250**	35,610,071
Less: current portion - trade receivables	**(70,774,821)**	(29,664,193)
Less: current portion - prepayments and accrued income	**(4,308,329)**	(3,735,153)
Less: current portion - other receivables	**(693,363)**	(1,343,197)
Less: current portion - receivables from related parties	**(642,737)**	(867,528)
Total current portion	**(76,419,250)**	(35,610,071)
Total non current portion	-	**-**

Trade and other receivables (continued)

Due to the short term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

Receivables from contracts with customers are stated after provisions for impairment of £3,201,755 (2021: £3,334,868), relating to receivables arising from contracts with customers.

The Expected Credit Loss provision of £3,201,755 (2021: £3,334,868) is based on the profile of merchant balances in debit.

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 contract assets are contract assets of £1,618,297 (2021: £1,745,038).

Ageing of unimpaired receivables

	2022	2021
	£	£
Up to 3 months	**64,782,569**	28,106,232
3 to 6 months	**912,487**	878,438
6 to 12 months	**3,040,824**	679,523
	68,735,880	29,664,193

Trade and other receivables (continued)

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

	2022	2021
	£	£
At 1 January	**3,334,868**	3,672,721
Charge for the year	**638,177**	1,494,973
Utilised in the year	**(950,908)**	1,655,566)
Transfer from provision for chargebacks	**179,618**	(177,260)
	3,201,755	3,334,868

Company

	2022	2021
	£	£
Receivables from related parties	**13,921,665**	9,985,212
Total financial assets other than cash and cash equivalents classified as loans and receivables	**13,921,665**	9,985,212
Prepayments and contract assets	**1,677,947**	1,136,818
Other receivables	**498,923**	740,955
Total trade and other receivables	**16,098,535**	11,862,985
Total current portion	**(16,098,535)**	(11,862,985)

The company does not hold any collateral as security.

Notes supporting statement of cash flows

Group	2022	2021
	£	£
Cash at bank available on demand	**91,210,969**	73,450,522
Cash and cash equivalents in the statement of financial position	**91,210,969**	73,450,522
Cash and cash equivalents in the statement of cash flows	**91,210,969**	73,450,522

Significant non cash transactions are as follows:

Settlement of commitment to issue variable number of ordinary shares as consideration for acquisition of WL Solutions: £3,000,000 (2021: Commitment to issue variable number of ordinary shares as consideration for acquisition of WL Solutions: £3,000,000).

	2022	2021
	£	£
Funds attributable to merchants	**89,261,396**	72,738,818
Cash at bank	**1,949,573**	711,704
	91,210,969	73,450,522

Funds attributable to merchants are subject to regulatory restrictions and are therefore not available for general use by the group.

Related party transactions

Relationship	Transactions	Amount		Amount due to/(from) related parties	
		2022	2021	**2022**	2021
		£	£	**£**	£
CORDET Lending S.a.r.l.	**Loan (gross of transaction fees)**	**-**	13,013,509	**98,111,672**	78,312,237
(Shareholder)	Interest	**15,322,006**	10,585,005	**-**	-
Ture Invest AB	**Loan (gross of transaction fees)**	**-**	-	**28,019,721**	19,227,479
(Shareholder)	Interest	**4,375,813**	2,598,878	**-**	-
Trust Payments Holding Limited	**Intercompany balance**	**-**	-	**1,506,634**	1,196,189

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 £17,371,794 (2021: £10,953,586). As at the year end, the amount owed to these subsidiaries was £19,780,293 (2021: £24,037,290).

Trade and other payables

Group	2022	2021
	£	£
Trade payables	**9,999,645**	9,110,143
Payable to related parties	**2,149,371**	2,063,816
Other paables	**165,705,791**	110,279,537
Accruals	**7,192,261**	11,191,505
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**185,047,068**	132,645,001
Other payables tax and social security payments	**2,570,590**	1,982,763
Total trade and other payables	**187,617,658**	134,627,764
Less: current portion trade payables	**(9,999,645)**	(9,110,143)
Less: current portion payables to related parties	**(2,149,371)**	(2,063,816)
Less: current portion other payables	**(168,276,381)**	(112,262,300)
Less: current portion accruals	**(7,192,261)**	(7,407,739)
Total current portion	**(187,617,658)**	(130,843,998)
Total non current position	**-**	3,783,766

The carrying amounts of current trade and other payables are considered to be the same as their fair values, due to their short term nature.

Trade and other payables (continued)

Company	2021	2022
	£	£
Trade payables	**2,943,508**	2,762,099
Payable to related parties	**35,109,610**	30,770,094
Other paables	**310,767**	245,244
Accruals	**3,003,946**	11,084,670
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	**41,367,831**	44,862,107
Other payables - tax and social security payments	**413,123**	221,242
Total trade and other payables	**44,862,107**	45,083,349
Less: current portion - trade payables	**(2,943,508)**	(2,762,099)
Less: current portion - payables to related parties	**(35,109,610)**	(30,770,094)
Less: current portion - other payables	**(723,890)**	(466,486)
Less: current portion - accruals	**(3,003,946)**	(7,300,904)
Total current portion	**(41,780,954)**	(41,299,583)
Total non current position	**-**	3,783,766

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

Included in non current accruals is £Nil (2021: £3,783,766) of deferred consideration due within 1 2 years. Current accruals includes £1,280,935 (2021: £599,899) of deferred consideration. The deferred consideration is held at fair value and changes in the fair value are shown in Note 11. The fair value hierarchy is Level 3 as the contracted consideration is based on future expected revenues.

The carrying amounts of current trade and other payables are considered to be the same as their fair values, due to their short term nature.

Loans and borrowings

Group	2022	2021
	£	£
Non-current		
Loans	**126,131,394**	97,539,716
Lease liabilities	**3,886,141**	3,395,092
	130,017,535	100,934,808
Current		
Lease liabilities	**1,041,167**	350,332
	1,041,167	350,322
Total loans and borrowings	**131,058,702**	101,285,140

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 £126,360,333 (2021: £97,768,655) stated net of £228,939 (2021: £228,939) of transaction fees which are being amortised over the loan period.

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

Loans and borrowings (continued)

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

	2022	2021
	£	£
GBP	**54,196,595**	46,359,323
EUR	**76,862,107**	54,925,817
	131,058,702	101,285,140

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

Company	**2022**	2021
Non-current	**£**	£
Laans	**126,131,394**	97,539,716
Lease liabilities	**1,823,927**	1,838,801
	127,955,321	9,378,517
Current		
Lease liabilities	**268,592**	-
	268,592	
Total laans and borrowings	**128,223,913**	99,378,517

Loans and borrowings (continued)

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

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 £126,360,333 (2021: £97,768,655) stated net of £Nil (2021: £229,839) of transaction fees which are being amortised over the loan period.

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

	2022	2021
	£	£
GBP	**52,619,305**	45,886,352
EUR	**75,604,608**	53,492,165
	128,223,913	99,378,517

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

Share capital

Authorised	2022	2022	2021	2021
	Number	**£**	Number	£
Shares treated as equity				
Allotted, called up and fully paid shares of £1 each	**100**	**100**	100	100
	100	**100**	100	100

Issued and fully paid	2022	2022	2021	2021
	Number	**£**	Number	£
Allotted, called up and fully paid shares of £1 each				
At 31 January and 31 December	**100**	**100**	100	100

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.

Other reserves

Other reserves represents a capital contribution from the parent.

Retained earnings

Retained earnings represents accumulated comprehensive income for the period.

Leases

Group

Future minimum lease payments are due as follows:

	Minimum lease payments £	Interest	Total £
December 2022			
Not later than one year	**1,015,796**	**(278,295)**	**737,501**
Between one year and five years	**3,018,988**	**(792,340)**	**2,226,648**
Later than five years	**2,165,930**	**(202,771)**	**1,962,159**
	6,200,714	**(1,273,406)**	**4,927,308**
December 2021			
Not later than one year	**567,673**	**(247,341)**	**350,332**
Between one year and five years	**2,910,935**	**(906,772)**	**2,004,163**
Later than five years	**1,738,645**	**(347,716)**	**1,390,928**
	5,247,253	**(1,501,829)**	**3,745,424**

Leases

Company

Future minimum lease payments are due as follows:

	Minimum lease payments £	Interest	Total £
December 2022			
Not later than one year	**456,473**	**(187,881)**	**268,592**
Between one year and five years	**1,312,795**	**(565,599)**	**747,196**
Later than five years	**1,278,774**	**(202,042)**	**1,076,732**
	3,048,042	**(955,522)**	**2,092,520**
December 2021			
Not later than one year	**152,208**	**(185,105)**	**(32,897)**
Between one year and five years	**1,289,012**	**(633,502)**	**655,510**
Later than five years	**1,498,298**	**(315,005)**	**1,183,292**
	2,939,518	**1,133,612**	**1,805,905**

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. 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:

	2022	2021
	£	£
Trade and other receivables (Note 17)	**70,774,821**	29,664,193
Cash and cash equivalents (Note 18)	**91,210,969**	73,450,522
	161,985,790	103,114,715

Financial risk management (continued)

Group trade and other receivables from third party financial institutions consists of £2.6m (2021: £2.3m) 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 £56m (2021: £21m) 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 chargeback 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 chargebacks on a daily basis to prevent any collection losses that are inherent in the group's payment processes.

Financial risk management (continued)

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.

(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.

Financial risk management (continued)

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 2022		31 December 2021	
	Asset £	**Liability £**	Asset £	Liability £
USD	**58,320,638**	**(153,226,760)**	3,649,371	(31,267)
EUR	**1,057,773**	**-**	1,478,717	(51,092)
AUD	**5,677,557**	**(13,309,418)**	1,121,947	(59,287)
CAD	**268,572**	**-**	158,499	-
CHF	**2,024,649**	**-**	736,214	(346,059)
CZK	**198,637,523**	**(152,672,364)**	116,059,556	(170,401,745)
DKK	**445,795**	**-**	156,016	(20,862)
HKD	**122,610**	**-**	48,857	-
HUF	**2,125,969**	**-**	4,503,584	(2,643,702)
JPY	**1,027,819**	**-**	2,507,152	(1,823,306)
NOK	**2,146,652**	**-**	847,424	(23,262)
NZD	**1,691,428**	**-**	671,332	(168,078)
PLN	**1,755,090**	**-**	719,940	(249,898)
SEK	**27,261,570**	**(542,985)**	20,546,631	(8,919,339)
ZAR	**237,331**	**-**	44,301	(15,279)
	302,800,976	**(319,751,527)**	153,249,541	(184,753,176)

Financial risk management
(continued)

The group has net liabilities denominated in foreign currencies of £16,950,551 as at 31 December 2022 (31 December 2021: £31,503,637). 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 £1,695,055 lower (31 December 2021: £3,150,364 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 12 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.

Share based payments

The parent company, Trust Payments Holdings Limited, has established a long term incentive plan whereby equity 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 2022 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 an equity 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.

The fair value of the employee share based payments has been measured using the Probability Weighted Expected Returns Method ("PWERM"). The PWERM considered a low case, base case and a high case for growth in EBIDTA to capture a reasonable spread of expectations for the business, whilst striking an appropriate balance in terms of the risks that the business faces and the potential growth opportunities available. For the purposes of developing an expected value evolution profile and gross exit proceeds, the model adopted a probability weighted distribution of exit EBITDA multiples from 9.5x to 12.5x. The pay off at each node was based on the distribution waterfall demanded by the Articles of Association and the issue price.

A Capital Asset Pricing Model was employed when considering an appropriate discount rate to apply to the returns expected to accrue to the instruments on exit. The discount rate reflects the differential leverage or equity volatility risk that the specific classes of the management shares are exposed to over the intervening period to exit given the leverage in the structure.

At 31 December 2022 the share based payment expense of £33,110 (2021: £763,315) representing the fair value of the incentive plan has been recognised in administrative expenses

Financial instruments
- fair values and risk management

27.1 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.

Financial instruments
- fair values and risk management (continued)

27.1 Liquidity risk management

Liquidity and interest risk tables

	Carrying amount £	Total £	1 - 3 months £	3 - 12 months £	1 - 2 years £	2 - 5 years £	More than 5 years £
31 December 2022							
Secured bank loans	126,131,394	158,621,961	-	-	158,621,961	-	-
Finance lease liabilities	4,927,308	4,927,308	148,329	598,135	554,925	1,671,723	1,954,196
Trade payables	9,954,459	9,954,459	9,954,459	-	-	-	-
Financial guarantee contracts	165,612,128	165,612,128	165,612,128	-	-	-	-
	306,625,389	339,115,856	175,714,916	598,135	159,176,886	1,671,723	1,954,196

Financial instruments
- fair values and risk management (continued)

27.2 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/liabilities	Fair value at year end		Fair value hierarchy	Valuation technique(s) and key input(s)
	2022	2021		
Money market funds	**8,590,934**	7,906,101	Level 2	Quoted prices in active markets are identified for similar assets
Unlisted shares	**1,389,087**	1,309,302	Level 3	Fair value as at the financial reporting date, reference has been made to similar listed instruments after applying a 15% discount to unmarketability

Financial instruments
– fair values and risk management (continued)

Reconciliation of fair value measurements

	Money market funds £	Unlisted shares £	Total £
31 December 2022			
Opening balance	**7,906,101**	**1,309,302**	**9,215,403**
Total gains or losses:			
- in profit or loss	**42,663**	**9,819**	**52,482**
- foreign exchange movement	**418,133**	**69,966**	**488,099**
-Purchases	**224,037**	**-**	**224,037**
Closing balance	**8,590,934**	**1,389,087**	**9,980,021**

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 £69,454 (2021: £65,465).

Financial instruments

– fair values and risk management (continued)

Reconciliation of fair value measurements (continued)

	Money market funds £	Unlisted shares £	Total £
31 December 2021			
Opening balance	**8,203,812**	**1,306,049**	**9,509,861**
Total gains or losses:			
- in profit or loss	**(28,812)**	**91,082**	**62,270**
- foreign exchange movement	**(268,899)**	**(87,829)**	**(356,728)**
Closing balance	**7,906,101**	**1,309,302**	**9,215,403**

Changes in liabilities

arising from financing activities - current period

	Loans £	Lease liability £	Total £
As at 1 January 2022	97,539,716	3,745,424	101,285,140
Proceeds of borrowing	4,957,416	1,165,627	6,123,043
Repayments made	-	(373,736)	(373,736)
Interest payable	19,697,819	(244,768)	19,453,051
Foreign exchange	3,936,443	634,761	4,571,204
As at 31 December 2022	126,131,394	4,927,308	131,058,702

Changes in liabilities arising from financing activities - prior year

	Loans £	Lease liability £	Total £
At 1 January 2021	73,818,363	1,964,541	75,782,904
Proceeds of borrowing	13,218,940	2,297,558	15,516,498
Repayments made	-	(357,393)	(357,393)
Loan arrangement fees	243,132	-	243,132
Interest payable	13,183,933	186,085	13,370,019
Foreign exchange	(2,924,652)	(345,367)	(3,270,019)
As at 31 December 2021	97,539,716	3,745,424	101,285,140

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.

Reconciliation

of alternative performance measures

29. Reconciliation between profit from operations and adjusted EBITDA (unaudited)

	2022	2021
	£	£
(Loss)/Profit from operations	**(678,472)**	8,760,985
Depreciation	**2,704,168**	1,098,230
Amortisation	**13,440,794**	5,970,233
	15,466,794	15,829,448
EBITDA		
Foreign exchange gains	**(5,508,256)**	(986,851)
Share based payments	**33,130**	763,315
Non operating expenses	**1,881,909**	1,429,880
Marketing and license fees	**995,782**	-
Provision against contract assets	**1,233,915**	-
Strategic advice	**1,286,214**	1,893,121
Non-operating MC scheme fees	**2,362,447**	130,656
Non-operating professional fees	**234,942**	217,199
Performance based remuneration	**2,033,163**	1,400,000
Non GAAP adjusted EBITDA	**20,019,736**	20,676,768

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Royal Exchange
London
EC3V 3DG