World First UK Limited

Financial Statements

Year ended 31 December 2020

Company Registration No.05022388

General information

Directors

Mr Jonathan Roger Aitken Quin
Mr Leiming Chen
Mr Tzu Chung Liang
Mrs Ying Zhao
Mr Jeffrey Thomas Alan Parker

Registered office

Millbank Tower
21-24 Millbank
London
SW1P 4QP

Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Bankers

Barclays Bank Plc
5 N Colonnade
Canary Wharf
London
E14 4BB

Index

Strategic report ... 3
Directors' report ... 10
Independent Auditor's report to the members of World First UK Limited ... 15
Consolidated statement of comprehensive income ... 18
Consolidated balance sheet ... 19
Company balance sheet ... 21
Consolidated statement of changes in equity ... 23
Company statement of changes in equity ... 24
Consolidated cash flow statements ... 25
Notes to the financial statements ... 26

Strategic report

Mission

The mission of World First is to create the world's platform for international trade making it easy to do business anywhere. We will do this by providing, efficient, foreign exchange, cash collection and international payment services helping to make international trade faster, safer, cheaper and easier.

Core to the strategy is investment in our technology and platform to create the number one cross border wallet for SMEs in our chosen markets providing the best functionality, experience and service.

Growing our business

In 2019 World First was acquired by Ant Group Co. Ltd. ("Ant Group") (previously known as Ant Small and Micro Financial Services Group Co., Ltd) who operate across the international trade ecosystem and are positioned as a global leader in eCommerce and personal payments. The product and services of World First and Ant are highly complementary, and we believe through combined geographical footprints, resources and products we will transform the future of international trade We have continued through 2020 to realise operational synergies and leverage combined resources to increase the value proposition to our customers and provide increasing opportunities for our employees.

In recent years international trade has expanded rapidly driven by the macro trend of increasing globalisation; and whilst the outbreak of COVID-19 in early 2020 has slowed growth in some traditional areas of cross border trade it has also accelerated the trend towards ecommerce and digitalisation. Our continued focus as an enabler of the global eCommerce market has meant that we have maintained and grown our customer and volume base in the year, positioning us strongly moving into 2021. Additionally, we have continued to expand and deepen our relationships with market places increasing the existing and potential customer base and the product and service offering to them.

The World First Group vision has evolved from providing a transaction service to a more holistic payments platform. Through a common goal to 'make it easy to do business anywhere' the focus now is on building a best in class, experience for SMEs and their international payment needs. As part of this evolution, we have decided to close the Private Client Business in 2021. Closure of the business is not expected to have a material impact on the Group's performance, and will be offset by the increased focus of resources to drive volumes and revenues through our paymemt and collections offerings to SMEs involved in offline and eCommerce trade. As part of our decision to exit the Private Client business the Group entered into a partnership referral agreement for Private clients.

The Board in 2020 pursued five main themes for the Group. These were:

- Improving our payment capabilities in key corridors and specifically payments into China
- Significant growth in our customer base and accompanying business volumes
- Investment in the World First platform to drive easy to use, quick, low cost and effective processing
- Investment in our people
- Integration with Ant Group to leverage customer, product and cost synergies

We continued to invest in the skills of our people, building capabilities and adding new staff as our business developed.

We are very proud of our brand globally and it will continue to be a core foundation for the World First Group. We have continued to expand our World First brand in China to support our international growth strategy and to provide greater reach to a key customer base.

We have invested heavily in developing our core technology, offering new features, providing greater flexibility and improving efficiency for our customers. World Account, first launched in 2017, is our cornerstone product, providing a highly flexible, multi-currency platform for international trade. We have expanded the use of World Account and added to its capabilities, including an expanded online user experience. This will continue to be the foundation of our future strategy as we add additional payments and other related value added services to it.

Business performance

We remain committed to developing our core foreign exchange spot and forward services for our customers, together with related international payment and cash management services.

The underlying performance of the business is summarised below. As reported in last year's financial statements, we closed our US operations in February 2019. The US business has been removed from the performance summary and the comprehensive statement of income on page 18 shows separately the performance of our continuing and discontinued operations for the year ended 31 December 2020 and the comparative prior year period. The summary below covers the ongoing business only, which comprises spot and forward foreign exchange payments for personal clients and corporates across our international locations.

We continued to invest heavily in product development, people, systems and processes in Europe and Asia-Pacific regions through 2020 with a strong focus on the China market to improve the quality and scalability of our platforms and increase our customer value proposition. We also maintained our customer pricing model following significant reductions to client rates in August 2019. Our combined product and pricing proposition resulted in Turnover (volume of FX notional and our key performance indicator) growth of + 88% (+ 8% 2019) led by growth in the eCommerce business line and supported by growth in our Corporate business line. Momentum in Turnover growth has been sustained through the course of the year and has been matched by corresponding growth rates in transaction numbers demonstrating the scalability of our platform. We expect the investment in technology and product will support continued strong growth across the business over the medium term.

The timing of our investment in price reductions in August 2019 resulted in a 30% fall in 2020 revenues compared with 2019 with our new pricing effective for the full financial period in 2020, offsetting the impact of an increase in underlying revenues driven by volume growth.

Overall, we posted an operating loss of £42.5m as we continued to invest in technology and product to improve the customer experience and scale our volume base. Our parent injected £15m of capital in the period, with our performance aligned closely to our long-term growth strategy. Our Parent is committed to the provision of ongoing support.

	Year ended 31 December 2020	Year ended 31 December 2019	% Change
Continuing operations	**£'000**	**£'000**	
Income	34,335	48,529	-29%
Operating expenses	(76,876)	(92,989)	-17%
Operating loss before tax and finance costs	**(42,541)**	**(44,460)**	**-4%**

Directors disclosures under s172(1)

As noted above, significant investment has already been made and is planned to continue in further developing our products and customer experience, underpinned by IT development activities and geographic expansion. This will continue to drive significant business growth and will provide significant opportunities for all employees. In line with Ant Group values:

- we take very seriously our responsibilities to employees for engendering a working environment that is fair and inclusive and takes account of the specific needs of individual members of staff
- we treat our suppliers fairly and aim to be transparent in our dealings with all suppliers
- we take very seriously our role in society through our engagement in charitable activities and in ensuring that our environmental impact is minimised
- we aim at all times to adopt the highest ethical standards in relation to our dealings with customers, partners, suppliers and other external parties with whom we work
- we have a policy of customer first, employee second and investor third

Likely consequences of any decision in the long term

We carefully consider the potential long-term consequences of any key decision on all of our stakeholders.

The strategic business plan of World First Group is fully aligned to the strategic plans of Ant Group and our performance is monitored on a daily basis against this plan.

As discussed further below, we have a strong focus on shared values which are integral to us growing the business and creating the world's platform for international trade, making it easy to do business anywhere.

The interests of the Group's employees

World First's success is dependent on the skills and engagement of all our employees. During 2020, we continued our focus on the hiring of individuals who had the skills and experience to enable our commercial and technical transformation and have continued to build our Product and Technology organisation in alignment with our parent Company - Ant Group. Our relationship with Ant Group has helped us to deepen our skills and capabilities and help engage our People in learning new approaches to growing the business.

We continued to enhance learning and development opportunities across both our commercial and technical tracks, and 2020 saw the acceleration of digital learning platforms, providing employees with continued access to learning.

Our commitment to communities is unchanged and in 2020 we supported, a wide range of charitable organisations through our Community@WF committees. 2020 also saw us continue our partnership with The Princes Trust, which extends our charitable reach even further.

In Ant Group we believe in a strong sense of shared values enables us to maintain a common company culture and community, no matter how large we grow. Our values are fundamental to the way we operate and how we recruit, evaluate and compensate our people.

Our six values are:

- Customers First, Employees Second, Shareholders Third - This reflects our choice of what's important in the order of priority. Only by creating sustained customer value can employees grow and shareholders achieve long-term benefit.
- Trust Makes Everything Simple - Trust is both the most precious and fragile thing in the world. The story of the Ant Group is a story of building trust. Complexity begets complexity, and simplicity breeds simplicity. With trust, there is no second-guessing or suspicion, and the result is simplicity and efficiency.

- Change Is The Only Constant - Whether you change or not, the world is changing, our customers are changing and the competitive landscape is changing. We must face change with respect and humility. Otherwise, we will fail to see it, fail to respect it, fail to understand it and fail to catch up with it. Whether you change yourself or create change, both are the best kinds of change. Embracing change is the most unique part of our DNA.
- Today's Best performance Is Tomorrow's Baseline – In the most challenging times, this spirit has helped us overcome difficulties and survive. In bad times, we know how to motivate ourselves; in good times, we dare to set "dream targets" (stretch goals). Face the future, or we regress. We must shoot for the moon, challenge ourselves, motivate ourselves and exceed ourselves.
- If Not Now, When? If Not Me, Who? - It is not a question, but a call of duty. This symbolizes the sense of ownership that each Ant Group employee must possess.
- Live Seriously, Work Happily - Work is now, life is forever. What you do in your job is up to you, but you have responsibility to the ones who love you. Enjoy work as you enjoy life; treat life seriously as you do work. If you live with purpose, you will find reward. You make Ant Group different and make your loved ones proud. Everyone has their own view of work and life; we respect each person's choice. Whether you live by this value depends on how you live your life.

We embrace diversity and inclusion including both the similarities and differences in our workforce, we believe that every single person has a part to play in creating a welcoming, inclusive environment. We are fully committed to avoiding discrimination on any grounds. Diversity and inclusion is addressed in the Directors' Report on page 12.

We provide a variety of engagement channels for our employees as outlined in the Directors' Report on page 12.

We put the safety and wellbeing of all our employees and customers at the centre of what we do and with the COVID19 outbreak at the start of 2020 quickly and successfully transitioned our employees to remote working in line with best practice local guidance and requirements without business disruption. We have consulted with all employees daily on their personal health with regard to COVID 19. Our employees working from home environment has been closely monitored throughout to ensure all employees have the resources they need to perform their roles.

Business relationships with suppliers, customers and others

World First is fully committed to dealing with suppliers in a fair and ethical fashion. In particular, we adhere to the BEIS code covering payment practices and performance reporting.

As discussed above one of our core values is customer first, employee second and investor third. We strive to put the customer first in everything we do and fostering strong customer relationships, providing efficiencies for our customers and developing new service offerings are paramount to this.

We understand the importance of regulators in our industry, particularly in the current climate. We have engaged with, supported and provided timely information to the Financial Conduct Authority (FCA) during the year.

Community and environment

World First takes its environmental responsibilities very seriously. Our vision is to empower our people to take positive action on the environment and to replicate green habits at home and in the office. Our mission is to lower our carbon footprint as a company and as individuals. To do this we have a three-pronged approach: (i) inform colleagues of our shared responsibility (ii) make green behaviour easy and repeatable (iii) celebrate the changes that we have accomplished and reward WorldFirsters for making a difference. We encourage electronic communication rather than face-to-face meetings that involve air travel where possible.

Strategic Report (Continued)

Reputation and business conduct

The reputation of the Group with our staff, our customers, our business partners, banks and regulators plus the wider public and media is recognised as paramount to the success of World First and as such is constantly monitored and actively maintained. This includes a structured induction programme for all staff explaining clearly what we do, how we operate and the emphasis that must be placed on controls and compliance. Compulsory Anti-Money Laundering (AML) and Know Your Customer (KYC) training has been rolled out and is regularly refreshed. Risk awareness and culture training has also been rolled out globally to staff. A whistle-blower process is in place.

Customer feedback and complaints are captured by Compliance and reviewed constantly with reporting each month to management. The management of the Group is frequently in dialogue with regulators, industry working parties and media to ensure our brand and reputation is not at risk. Our principal bankers conduct regular reviews of our business and operating procedures, including client on-boarding procedures and suspicious transaction monitoring.

Principal decisions illustrating s172

World First Services restructure

During the year a decision was made to restructure World First Group with the transition of non-regulated Group activity outside of the WFUK Group to the World First Services entity. As outlined also in the Directors' Report, the restructure has resulted in many benefits to the World First Group from both a cost efficiency and risk perspective supporting its strategic direction for the benefit of stakeholders.

Transfer of customers to Netherlands

The outcome of Brexit, a decision by the United Kingdom to exit the European Union (EU), has had an impact on the way the Group transacts with European customers. A new Netherlands subsidiary Worldfirst Netherlands BV was established in September 2019 to provide a foundation for accelerated expansion into Europe during and after the transition period, which ended on 31st December 2020. A Foundation entity (Stichting Derdengelden World First Netherlands B.V.) was also established for the purposes of safeguarding client money for the Netherlands entity. A payments licence was approved for the Netherlands entity by the Dutch Central Bank in April 2020. Customers were migrated to the entity from the 1st October 2020. We continue to see strong growth in this market and have seen no significant loss of customers as a result of the migration. There are no significant changes in terms of banking relationships.

Brexit is therefore not considered a principal risk for World First. Management will continue to monitor developments following the exit from the EU.

Integration into Ant Group processes

During the year we have invested in our technology platform and product and benefited from synergies with Ant Group.

The Group has demonstrated the increasing scalability of the current operating cost base to support volume growth, This has been achieved through leverage of the existing platform combined with the realisation of synergies with Ant Group including, for example, Single Sign On (SSO) with Alipay, use of Ant Group compliance technology, payroll, procurement and expense systems.

The Group will continue to leverage the revenue and cost synergies that exist with Ant Group and Alibaba Group Holdings for the benefit of our customers, suppliers and other stakeholders.

Principal risks and uncertainties

Our business has grown rapidly since its inception in 2004 and with an office operating in eight countries around the world servicing more than 91,000 customers. The Board constantly monitors external and internal risks to the business including threats from competitors, changes in market conditions or regulatory requirements. The Leadership team is responsible for the day-to-day operations of all our business in respect of the laws, standards and risk constraints determined by the Board.

The key risks and our responses to these are described in the Directors' Report. The key financial risks are set out in Note 16.

COVID-19

The COVID-19 pandemic, which began in December 2019 reaching the UK in early 2020, has created macro-economic uncertainty, impacting financial markets and causing FX volatility.

The Group's positioning as a provider of services to the eCommerce and Corporate segments means that any adverse changing impacts of customer behaviour through COVID-19 are expected to be minimal. The Group provides services to eCommerce sellers and this segment has seen significant growth in 2020 with the increasing trend towards digitalisation.

The Group established mitigation plans for the business at the start of the pandemic, the emergency pandemic plan was implemented and working practices changed to ensure operational continuity.

Management assessed the potential impact on our key partners and suppliers and no additional significant risks have been identified as part of this analysis. Stress tests were carried out to assess the impact on revenues of potential volume reductions, but we do not expect a material impact on our financial position and we expect the Group to have adequate resources to continue operations for the foreseeable future. The Group has a robust and effective risk management programme in place.

Credit risk processes were tightened from the outset to support more frequent monitoring of credit exposure and margin call processes. World First ERM team conducts daily stress tests in order to monitor credit exposure of clients with extra attention on specific sectors which could be affected heavily by the pandemic. The Credit risk team also run periodic credit reviews and health checks on these and wider industry clients. Specific alterations to policies have not been made in response to the pandemic, with exception to the business continuity and disaster recovery policies which now include working from home as an alternative backup solution to the Group offices due to the increase in our cyber security and VPN implementation programmes.

The business had conducted some initial analysis on the client segment and industry concentration to run some quantitative assessments, although due to the nature of the business and e-commerce heavy reliance there were no significant issues for concern.

No reputational damage is at stake due to the pandemic as the Group has been able to conduct business effectively and service all clients to its full potential whilst working from home and provide the same excellent quality customer service and offer all existing products as well as even developing new ones.

Due to the increased remote working requirement as a result of COVID-19 we have added new systems with increased capacity and redundancy and have enforced Multi-Factor Authentication (MFA) on all remote access, including laptops, local and cloud drives and key software. Remote access systems are kept fully patched and are securely configured by the information security team who monitor activity and horizon scan for system updates with the latest security protocols.

We anticipate that our investments in product and customer experience will continue to drive increased market share that will be more than sufficient to offset any negative market conditions that may arise.

Restrictions imposed by governments that caused disruption to businesses and economic activity have not adversely impacted our revenue and operations given we are largely an online business.

The significant estimates and judgements that have been made in preparing these financial statements may be impacted if the macro-economic uncertainty continues. However, it is currently not possible to estimate the impact of this.
We continue to monitor the COVID-19 pandemic situation and will take further action as necessary in response to the economic disruption.

The impact of COVID-19 is also addressed in the going concern statement in the Directors' Report.

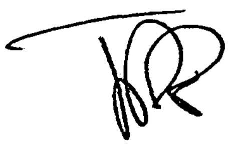
Future opportunities

As a key part of the Ant Group, the growth opportunities for the joint businesses are very exciting. There are enormous opportunities to expand our service offerings, grow our customer base and enter new geographies and markets, as international trade continues to grow. The Group and the Company continue to adopt the going concern basis in preparing the financial statements.

We have plans to continue to integrate our products and offerings into the Ant Group ecosystem to accelerate the execution of our vision. World First and the World Account are key to the overall strategy of the new Group to expand globally.

World First achieved a huge amount in 2020, driving a step change in growth and further aligning the focus of the business to key future opportunities. The Group successfully executed on the first stage of its growth targets and believe that very bright and exciting opportunities lie ahead as we drive to achieving our mid-long term objectives. We expect this growth trajectory to continue or even accelerate as we complete the replatforming of our technology platform and infrastructure which will allow us to divert significantly more resources to developing value added customer capabilities.

Jeffrey Thomas Alan Parker
Director 16th April 2021



World First UK Limited

Year ended 31 December 2020

Directors' report

The Directors are pleased to present their report to the members together with the audited company and consolidated financial statements of World First UK Limited (the "Company") and its subsidiaries (together the "Group").

The principal activity of the Group is that of a specialist foreign exchange and payments provider to individuals and corporate clients. The Group provides spot and forward foreign exchange transactions together with related payment and cash management services.

Directors of the Company

- Mr Jonathan Roger Aitken Quin
- Mr Leiming Chen
- Mr Douglas L. Feagin (resigned 26 May 2020)
- Mr Tzu Chung Liang
- Mrs Ying Zhao (appointed 13 March 2020)
- Mr Li Cheng (resigned 13 March 2020)
- Mr Jeffrey Thomas Alan Parker (appointed 26 May 2020)

Company secretary

Tolulope Odukoya

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, and the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- in respect of the Group financial statements, state whether IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- in respect of the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and/or the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' report are listed on page 10. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Regulated operations of the Group

World First UK Limited is authorised in the UK by the Financial Conduct Authority as an electronic money institution under the electronic money regulations 2011. The Company is also registered in Canada with the Financial Transactions and Reports Analysis Centre of Canada.

World First Markets Limited was authorised and regulated in the UK by the Financial Conduct Authority as an investment firm until 22nd December 2017, when it ceased trading.

World First Pty Limited is regulated in Australia by the Australian Securities and Investments Commission (ASIC). It is also a designated remittance provider registered with the Australian Transaction Reports and Analysis Centre (AUSTRAC).

World First USA, Inc. was incorporated in Delaware and registered as a Money Services Business in the United States with Financial Crimes Enforcement Network (FinCEN). It was also registered as a non-depositary financial institution with the Nationwide Multistate Licencing System (NMLS). World First USA, Inc. was also registered in Canada with the Financial Transactions and Reports Analysis Centre of Canada. The company is no longer part of the Group since 1st February 2019 when it was sold to new shareholders.

World First Asia Limited is registered in Hong Kong as a limited company and is regulated as a Money Services Operator by the Hong Kong Customs and Excise Department.

World First Asia Pte Ltd is registered in Singapore as a limited company and is regulated as a remittance business by the Monetary Authority of Singapore (MAS). The company's application to the MAS for a Capital Markets Service (CMS) license, enabling it to deal in foreign currency exchange forward contracts, was approved by the MAS in principle in February 2021 with an expectation that final approval will be provided by April 2021.

World First Netherlands BV was established with the purpose of providing foreign exchange services. On the 9th April 2020, the company was granted an e-money licence by De Nederlandsche Bank, the central bank in the Netherlands.

Financial risk management

The Board and Management regularly monitor key risks through the Risk Management Committee which tracks indicators for each category of risk to which the Group is exposed. These include: operational & compliance risk, financial risk (including credit, market & liquidity), strategic risk (including business & reputational) and information risk. Under these high level categories the Group's principal risks for 2021 are viewed as follows: markets and competition leading to spread compression, external fraud, cyber risk, technical debt, regulatory risk, a large systemic event leading to liquidity constraints in the market and litigation.

The Group's approach to managing risk is set out in note 16 to the financial statements including the impact of COVID-19. The impact of Brexit and COVID-19 is set out on page 5-6 of the Strategic Report.

Donations

The Group made £29k cash donations to charity (none of which were political organisations) during 2020.

Employee involvement

The Company operates a framework for providing employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the Company, has been continued through a variety of channels including monthly CEO updates, monthly meetings between regional management and employees, a weekly newsletter and weekly "getting to know" videos with employees.

Diversity and inclusion

Embracing both the similarities and differences in our workforce, we believe that every single person has a part to play in creating a welcoming, inclusive environment. We are fully committed to avoiding discrimination on the grounds of: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; gender; sexual orientation. We genuinely believe in creating a culture where inclusivity is the norm and, to foster this environment, we commit to:

- treating all individuals fairly and respectfully
- promoting equal opportunities for all and challenging any instances of inequality
- taking a zero-tolerance attitude to discrimination, bullying, harassment or victimisation of any kind
- ensuring that everyone has the right to a voice, an opinion or viewpoint.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Directors' liabilities

The Group has in place a Directors' and Officers' insurance policy to cover relevant individuals against claims arising from their work on behalf of the Company and its subsidiaries. The Directors intend to keep the level of cover provided under annual or more frequent review as appropriate.

Important events during the year

On 31st July 2020, World First Services Limited, which was a dormant subsidiary of the Company, became a direct subsidiary of Alipay (Hong Kong) Holdings Limited (an affiliate of Ant Group) following the sale of its shares.

The restructure was designed to support the strategic direction of the Company and on the 1st August 2020 operational business support services for the World First Group were outsourced from the Company to World First Services Limited. More than 80% of the employees were transferred from the Company.

The key benefits of the restructure include:

i) More efficient and effective use of resources within the Group
ii) Improved prudential and liquidity risk management for the Company
iii) Reduced risk exposure to group operational activities for the Company
iv) Minimise risks to the ongoing provision of services to support the Group

The impact of the restructure is also discussed in the Strategic report on page 7.

All other material events, including COVID-19, are discussed in the Strategic report from page 2.

Events since the balance sheet date

The Group has continued to operate successfully in 2021 in line with the Board's directions.

Other than as disclosed in note 23, the Directors do not believe that any other specific reportable events have occurred since the balance sheet date.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue operations for the foreseeable future. Ant Group have indicated, by way of a letter of support to the Directors, their ongoing unconditional support for the present and future financial obligations of the Group. This includes the provision of capital, technology and human resources to support future business growth and to meet regulatory capital requirements.

Given the liquidity and capital resources arrangements in place, the consolidated accounts have been prepared on a going concern basis. The going concern basis is supported by a letter of support from Ant Group which will enable the World First Group to achieve its future cash flow forecasts and growth targets.

The Group's positioning as a provider of services to the eCommerce and Corporate segments means that any adverse changing impacts of customer behaviour through COVID-19 are expected to be minimal. The Group provides services to eCommerce sellers and this segment has seen significant growth in 2020 with the increasing trend towards digitalisation.

Whilst there is continuing uncertainty, we believe that the longer-term outlook is positive and we are well-positioned to benefit from our planned investments in product and customer experience to drive increased market share; this should be more than sufficient to offset any negative market conditions. Our emergency pandemic plan has been implemented since early 2020 and working practices changed to ensure operational continuity. We have also put in place mitigation plans for our credit risk processes.

In reaching the conclusion that the going concern basis is appropriate, we have stress tested future cash flow forecasts to evaluate the impact of plausible downside scenarios. These include scenarios that reflect current market conditions, and updated short term forex volatility. Additionally, we considered potential cost reductions in response to lower trading volumes, which provide further resilience against softer revenue growth rates.

COVID-19 is also discussed in the Strategic report on page 8.

The restructure of World First Services, as outlined above, has provided additional benefits for the Group including substantial cost reductions and improved prudential and liquidity risk management.

Under all plausible scenarios, the Directors conclude that the Group retains sufficient liquidity and that the going concern basis remains appropriate.

Dividends

The Directors do not recommend a dividend for the year ended 31 December 2020 (2019: nil).

Overseas branches

The Company has overseas branches registered in both the Netherlands and the United Arab Emirates (UAE).

Future developments

The Group has continued to develop during the period and the Board consider there are significant opportunities to build the business and serve more customers globally. These opportunities are very significantly heightened given the Group is a key part of Ant Group.

The increased investment the Group has made during the period in our people and technology platforms which deliver services to our customers, position the business well to grow profitably in the future. We have plans to continue to integrate our products and offerings into the Ant Group ecosystem to accelerate the execution of our vision. World First and the World Account are key to the overall strategy of the new Group to expand globally.

Auditors

The auditors, Ernst & Young LLP, are deemed to be reappointed under section 487 of the Companies Act 2006.

This report was approved by the Board and signed on its behalf by:

Jeffrey Thomas Alan Parker
Director
16th April 2021

Independent Auditor's report to the members of World First UK Limited

Opinion

We have audited the financial statements of World First UK Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated statement of comprehensive income, the Consolidated and Company Balance Sheet, the Consolidated cash flow statements, the Consolidated and Company statements of change in equity and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the group's and of the company's affairs as at 31 December 2020 and of the group's and company's loss for the year then ended;

- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;

- the parent company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applied in accordance with section 408 of the Companies Act 2006; 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. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included testing the accuracy of the forecasts and assumptions used in the going concern assessment, including the impact of COVID-19 on the business, and understanding the financial capacity for the ultimate parent company, Ant Group Co, to provide unconditional support for the present and future financial obligations of the group and parent company.

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 and parent company's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 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 strategic report and 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 strategic report or directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement

due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.
However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent company and determined that the most significant are the Companies Act, International Accounting Standards and the Financial Conduct Authority regulations 2011 related to electronic money.
- We understood *how the group and parent company is complying with those frameworks by making enquiries of* management, internal audit, and those responsible for legal and compliance matters. We have also reviewed correspondence between the parent company and the UK regulatory body, reviewed minutes of the Board and the Risk Management Committee.
- We assessed the susceptibility of the group and parent company's financial statements to material misstatement, including how fraud might occur by considering the controls that the group and parent company have established to address risks identified, or that otherwise seek to prevent, deter, or detect fraud. We also considered performance incentives and their potential to influence management to manage earnings. Our procedures to address the risks identified also included challenging assumptions and judgments made by management in their significant accounting estimates and journal entry testing.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. *Our procedures involved inquires of management, internal audit, and those responsible for legal and* compliance matters. In addition, we performed procedures to identify significant items inappropriately held in suspense and tested journal entries with a focus on manual journals indicating large or unusual transactions based on our understanding of the business.

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/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young L.L.P.

Jean-Philippe Faillat (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
16th April 2021

Consolidated statement of comprehensive income

	Notes	Year ended 31 December 2020 £'000	Year ended 31 December 2019 £'000
Continuing operations			
Revenue		33,117	47,601
Other income		1,218	928
Total income	3	**34,335**	**48,529**
Operating expenses	5	(76,876)	(92,989)
Operating loss		**(42,541)**	**(44,460)**
Finance costs	24	(163)	(217)
Loss on ordinary activities before tax		**(42,704)**	**(44,677)**
Tax charge on profit on ordinary activities	8	(612)	(494)
Loss for the financial year from continuing operations		**(43,316)**	**(45,171)**
Discontinued operations			
(Loss)/gain for the year from discontinued operations	6	**(64)**	**3,219**
Loss for the year		**(43,380)**	**(41,952)**
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		937	(1,285)
Continuing operations		937	(753)
Discontinued operations		-	(532)
Total comprehensive loss		**(42,443)**	**(43,237)**

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

World First UK Limited

Year ended 31 December 2020

Consolidated balance sheet

	Notes	As at 31 December 2020 £'000	As at 31 December 2019 £'000
Non-current assets			
Property, plant and equipment	9	1,540	1,572
Right-of-use assets	24	3,473	5,849
Intangible assets	10	3,339	5,543
Derivative financial instruments	12	1,108	815
Trade and other receivables	13	480	475
Corporation tax receivable	8	207	212
Deferred tax asset	8	274	-
		10,421	**14,466**
Current assets			
Cash and cash equivalents		40,168	45,658
Collateral placed with banks		-	3,963
Cash and cash equivalents held for customers		1,001,545	416,740
Trade and other receivables	13	52,629	34,744
Amounts due from related companies		18	-
Derivative financial instruments	12	16,702	8,750
Corporation tax receivable	8	-	619
Discontinued operations	6	20	-
		1,111,082	**510,474**
Total assets		**1,121,503**	**524,940**
Current liabilities			
Lease liabilities	24	2,121	2,127
Trade and other payables	15	49,924	49,878
Amounts due to customers		1,008,344	409,356
Amounts due to related companies	22	19,435	7,372
Derivative financial instruments	12	16,481	7,063
Corporation tax payable	8	1,390	84
Discontinued operations	6	11	-
		1,097,706	**475,880**
Non-current liabilities			
Lease liabilities	24	1,226	3,412
Derivative financial instruments	12	1,185	771
Trade and other payables	15	459	529
		2,870	**4,712**
Total liabilities		**1,100,576**	**480,592**
Net assets		**20,927**	**44,348**

World First UK Limited

Year ended 31 December 2020

Consolidated balance sheet (Continued)

	Notes	As at 31 December 2020 £'000	As at 31 December 2019 £'000
Capital and reserves			
Called up share capital	19	61,001	46,001
Share premium		385	385
Share based payments reserve	20	4,691	669
Capital redemption reserve		1	1
Loss for the year		(43,380)	(41,952)
Accumulated (loss)/profit		(4,031)	37,921
Foreign exchange reserve		2,260	1,323
Total shareholders' funds		**20,927**	**44,348**

The financial statements were approved by the Board and signed on its behalf by:

Jeffrey Thomas Alan Parker
Director
Date: 16th April 2021

The accompanying accounting policies and explanatory information form an integral part of the financial statements

World First UK Limited

Year ended 31 December 2020

Company balance sheet

	Notes	As at 31 December 2020 £'000	As at 31 December 2019 £'000
Non-current assets			
Property, plant and equipment	9	832	934
Right-of-use assets	24	1,274	2,465
Intangible assets	10	3,337	5,495
Investments in subsidiaries	11	25,065	14,101
Derivative financial instruments	12	988	808
Trade and other receivables	13	-	15
		31,496	**23,818**
Current assets			
Cash and cash equivalents		14,783	27,660
Collateral placed with banks		-	3,963
Cash and cash equivalents held for customers		670,566	313,947
Trade and other receivables	13	39,144	31,174
Balances held for customers within the Group		-	5,614
Amounts due from related companies		2,554	189
Derivative financial instruments	12	17,959	8,768
Corporation tax receivable	8	-	602
		745,006	**391,917**
Total assets		**776,502**	**415,735**
Current liabilities			
Lease liabilities	24	1,040	1,020
Trade and other payables	15	35,671	34,304
Amounts due to customers		193,884	140,658
Amounts due to customers of Group subsidiaries		480,944	180,378
Amounts due to related companies		12,189	18,033
Derivative financial instruments	12	18,019	7,163
Corporation tax payable	8	1,388	22
		743,135	**381,578**
Non-current liabilities			
Lease liabilities	24	17	1,206
Derivative financial instruments	12	1,220	778
Trade and other payables	15	280	328
		1,517	**2,312**
Total liabilities		**744,652**	**383,890**
Net assets		**31,850**	**31,845**

Company balance sheet (Continued)

	Notes	As at 31 December 2020	As at 31 December 2019
		£'000	£'000
Capital and reserves			
Called up share capital	19	61,001	46,001
Share premium		385	385
Share based payments reserve	20	4,690	669
Capital redemption reserve		1	1
Loss for the year		(19,016)	(41,606)
Accumulated (loss)/profit		(15,211)	26,395
Total shareholders' funds		**31,850**	**31,845**

The financial statements were approved by the Board and signed on its behalf by:

Jeffrey Thomas Alan Parker
Director
Date: 16th April 2021

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

World First UK Limited

Year ended 31 December 2020

Consolidated statement of changes in equity

	Called up share capital	Capital redemption reserve	Share premium	Share based payments reserve	Retained earnings	Foreign exchange reserve	Shareholders' funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	**1,001**	**1**	**265**	**1,659**	**36,130**	**2,609**	**41,665**
Loss for the year	-	-	-	-	(41,952)	-	(41,952)
Other comprehensive loss for the year	-	-	-	-	-	(1,286)	(1,286)
Transition to IFRS 16	-	-	-	-	132	-	132
Share issuance	45,000	-	120	-	-	-	45,120
Share based payments transactions	-	-	-	669	-	-	669
Share based payments settlements	-	-	-	(1,659)	1,659	-	-
At 31 December 2019	**46,001**	**1**	**385**	**669**	**(4,031)**	**1,323**	**44,348**
Loss for the year	-	-	-	-	(43,380)	-	(43,380)
Other comprehensive gain for the year	-	-	-	-	-	937	937
Share issuance	15,000	-	-	-	-	-	15,000
Share based payments transactions	-	-	-	4,022	-	-	4,022
At 31 December 2020	**61,001**	**1**	**385**	**4,691**	**(47,411)**	**2,260**	**20,927**

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Per Note 2 (c), the Group adopted IFRS 16 on 1 January 2019 under the modified retrospective approach where comparative information is not restated and instead an adjustment is made to equity at the beginning of the reporting period.

Company statement of changes in equity

	Called up share capital	Capital redemption reserve	Share premium	Share based payments reserve	Retained earnings	Shareholders' funds
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	**1,001**	**1**	**265**	**1,659**	**24,652**	**27,578**
Total comprehensive loss for the year	-	-	-	-	(41,606)	(41,606)
Adoption of IFRS 16 *Leases*	-	-	-	-	84	84
Share issuance	45,000	-	120	-	-	45,120
Share based payments transactions	-	-	-	669	-	669
Share based payments settlements	-	-	-	(1,659)	1,659	-
At 31 December 2019	**46,001**	**1**	**385**	**669**	**(15,211)**	**31,845**
Total comprehensive loss for the year	-	-	-	-	(19,016)	(19,016)
Share issuance	15,000	-	-	-	-	15,000
Share based payments transactions	-	-	-	4,021	-	4,021
At 31 December 2020	**61,001**	**1**	**385**	**4,690**	**(34,227)**	**31,850**

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Per Note 2 (c), the Company adopted IFRS 16 on 1 January 2019 under the modified retrospective approach where comparative information is not restated and instead an adjustment is made to equity at the beginning of the reporting period.

Consolidated cash flow statements

	Year ended 31 December 2020	Year ended 31 December 2019
	£'000	**£'000**
Cash flows from operating activities		
Loss from continuing operations	**(43,316)**	**(45,171)**
Adjustments to reconcile net loss to net cash provided by operating activities		
Change in market value of derivatives	608	(120)
Tax charge	612	494
Depreciation	3,233	3,019
Amortisation	2,143	3,792
Interest on lease liabilities	163	217
Share based compensation	4,029	669
Impairments	352	2,927
Movement in provisions	196	(30)
Net foreign exchange movement	696	550
Operating cash flow before changes in working capital	**(31,284)**	**(33,653)**
Changes in operating assets and liabilities		
Change in collateral placed with banks	3,963	(2,652)
Change in cash and cash equivalents held for customers	(584,805)	(25,554)
Change in trade and other receivables	(19,101)	(971)
Change in trade and other payables	200	(3,637)
Change in derivative financial instruments	980	1,198
Change in amounts due to customers	598,988	59,080
Change in net interest received	792	1,726
Change in affiliate balances	12,045	7,372
Tax paid	1,044	(417)
Net operating cash flow from discontinued operations	23	(24,748)
Net cash flow used in operating activities	**(17,155)**	**(22,273)**
Cash flows used in investing activities		
Acquisition of property, plant and equipment	(1,022)	(1,272)
Investment in intangible assets	(254)	(600)
Net cash flow used in investing activities	**(1,276)**	**(1,872)**
Cash flows from/(used in) financing activities		
Repayment of the lease liabilities	(2,241)	(2,065)
Dividends paid	-	(513)
Share issuance	15,000	45,120
Net cash flow from financing activities	**12,759**	**42,542**
Net change in cash	**(5,672)**	**18,397**
Cash at beginning of year	45,658	28,094
Effect of exchange rate fluctuation	202	(833)
Cash at end of year	**40,188**	**45,658**
Continuing operations	40,168	45,658
Discontinued operations	20	-
	40,188	**45,658**

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

1. Authorisation of financial statements and statement of compliance with IFRS and FRS 101.

The financial statements of World First UK Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2020 were authorised for issue by the Board of Directors (the "Board") on 16th April 2021 and the balance sheet was signed on the Board's behalf by Jeffrey Thomas Alan Parker. The Company is incorporated and domiciled in England and Wales. It is a private Company limited by shares.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2020 and in accordance with the Companies Act 2006. The Company's financial statements have been prepared under FRS 101 (Reduced Disclosure Framework). After making enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue operations for the foreseeable future. Ant Group, the Group's ultimate parent company, have indicated, by way of a letter of support to the Directors, their ongoing unconditional support for the present and future financial obligations of the Group. Ant Group proposes to provide this financial support on a staged basis during the year; this includes the provision of capital, technology and human resources to support future business growth and enable the company to continue to meet its regulatory capital requirements. Given the liquidity and capital resources arrangements in place, the consolidated accounts have been prepared on a going concern basis. The accounting policies which follow set out those policies which apply in preparing these financial statements.

2. Accounting policies

The Group's and Company's financial statements are presented in Pounds Sterling (£) and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The accounts are prepared under the historical cost convention except for derivative financial assets and liabilities that are stated at fair value.

The Company is a private limited company incorporated in the United Kingdom, registered at Millbank Tower, 21-24 Millbank, London, SW1P 4QP, England.

As described in the Directors' report, the principal activity of the Company and its subsidiaries is that of foreign currency brokerage.

a) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and the entities it controls (its subsidiaries) drawn up to 31 December each year.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the parent Company and are based on consistent accounting policies. All intragroup balances and transactions, including unrealised profits and losses arising from them, are eliminated in full.

b) Disclosure exemptions

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

- the requirements of paragraphs 10(d) and 10(f), of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- the requirements of paragraph 17 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; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets.*

The Company has taken advantage of the exemption under s408 of the Companies Act 2006 from presenting its own profit and loss account.

The Directors have approved these disclosure exemptions for the Company.

c) Adoption of new and amended IFRS and interpretations

The IFRS financial information has been drawn up on the basis of accounting standards, interpretation and amendments effective at the beginning of the accounting period.

The nature and the impact of these new amendments are described below.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments apply to annual reporting periods beginning on or after 1 January 2020. These amendments have had no impact on the Group's financial statements.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments apply to annual reporting periods beginning on or after 1 January 2020. These amendments have had no impact on the Group's financial statements.

There were no other applicable new standards coming into effect during the year that impacted the Group.

The Group has not early adopted any standards and interpretations that are issued, but not yet effective up to the date of issuance of the Group's financial statements. The Group intends to adopt these standards, when they become effective.

Interest Rate Benchmark Reform (IBOR) – amendments to IFRS 9, IAS 39 and IFRS 7, Phase 2

IBOR reform will generally result in a change in the basis for determining the contractual cash flows of a financial asset or financial liability. As a practical expedient, a company will apply paragraph B5.4.5 of IFRS 9 to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by IBOR reform i.e. update the effective interest rate of the financial asset or financial liability. For this purpose, a change is required by IBOR reform if the following conditions are met:

i) the change is necessary as a direct consequence of the reform
ii) the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately before the change)

If there are other changes to the basis for determining the contractual cash flows, then a company first applies the practical expedient to the changes required by IBOR reform and then other applicable requirements of IFRS 9.

A lessee will apply paragraph 42 of IFRS 16 as a practical expedient to account for a lease modification that is required by IBOR reform i.e. when remeasuring the lease liability, it will use a revised discount rate that reflects the change in interest rate.

The amendments are effective for accounting periods beginning on or after 1 January 2021. The impact of the amendments are being assessed however it is not expected to have a material impact on the Group's financial statements.

d) Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability effected in the future periods.

Items subject to estimates and assumptions include useful lives of fixed assets, valuation of share based compensation (refer to note 20), uncertain tax positions and deferred tax uncertainties, capitalisation of software development costs, impairment of financial and non-financial assets and transfer pricing. The key areas of accounting judgement and estimation are discussed below.

Tax

Significant judgement is involved in determining the provision for taxation, including the definition of intra-group transfer pricing arrangements. There are certain transactions and computations for which the ultimate tax determination is uncertain. Where a tax position is uncertain and there is a range of possible outcomes that are neither binary nor concentrated on one value, the group will consider whether it is probable that a taxation authority will accept an uncertain tax treatment and if it is not probable, an expected value is provided using a weighted average of possible outcomes.

Deferred tax assets and liabilities can be recognised when the carrying amount of an asset or liability in the statement of financial position differs from its tax base. Deferred tax assets are recognised when in the opinion of management it is probable that taxable profits will be available against which the differences can be utilised. Deferred tax assets are recognised in subsidiaries with a history of trading losses only where management have prepared and assessed forecasts of taxable profit which indicate full recovery in the foreseeable future with a high level of confidence.

Capitalisation of software development costs

Development expenditure represents expenditure incurred for building internally or purchasing software to support services and products of the Group. Management exercises judgement in determining which software development costs meet the IAS 38 criteria for capitalisation and lead to future economic benefits sufficient to recover the costs capitalised. This includes estimates as to the amount of time spent directly on development of new software or significant improvement of the existing systems. The capitalised assets are amortised over the useful economic lives of these assets. Judgements are involved to determine the useful lives of certain capitalised assets.

Impairment of intangibles

Management exercises judgment in determining whether an impairment loss should be recognised when the carrying amount of intangible assets is less than the recoverable amount, in accordance with IAS 36.

Judgement is required to identify the cash generating units (CGU) where the asset does not generate cash inflows that are largely independent of those assets or other groups of assets.

In assessing 'value-in-use' for an impairment calculation, the estimated future cash flows are forecast covering a period of five years with a long-term growth rate applied to project future cash flows after the fifth year. Judgement is required in relation to the achievability of the long-term business plan, discount rates and other assumptions underlying the valuation process.

Impairment of investment in subsidiaries

The carrying value of the Company's investment in subsidiaries is reviewed on an annual basis for any indication of impairment and, if any such indication exists, the assets' recoverable amount is estimated. If an impairment loss is to be recognised in the income statement of the investing company the carrying value of an asset or its cash-generating unit would need to exceed its recoverable amount.

The impairment analysis for investments in subsidiaries considers estimated future results, annual growth, discount rates and profit margins, cash flows from operations and the tangible and intangible assets of the company. Judgement is required in relation to the achievability of the long-term business plan and macroeconomic assumptions underlying the valuation process, however the risk of a material adjustment to the carrying amount of the Company's investments in subsidiaries is not significant. Management do not consider that any reasonably possible changes to the key assumptions would reduce the recoverable amount to its carrying value.

Valuation of lease liabilities and right-of-use assets

The application of IFRS 16 requires the Group to make judgements that effect the valuation of the lease liabilities and right-of-use assets. This includes the determination of the incremental borrowing rate used for discounting of future cash flows. For applicable leases in each of the subsidiaries geographic locations, the present value of the lease payment is determined using the discount factor (fixed at lease recognition date) representing the rate of interest rate swap applicable in the first instance in the currency of the lease contract and for similar tenor, adjusted by the average credit spread of entities with rating similar to the subsidiaries rating. Judgement is also required to determine the estimated dilapidation cost at the end of the lease term. The dilapidation cost is part of the initial valuation of the right-of-use asset.

Fair Value of Equity Settled Share Based Payments

At each date of measurement Ant Group reviews internal and external sources of information to assist in the judgement of various attributes to determine the fair value of the share based awards granted, including but not limited to the fair value of the underlying shares, expected life, expected volatility and expected forfeiture rates. As the ultimate holding company is a private company, the sources utilised to determine those attributes at the date of measurement are subjective in nature and require the ultimate holding company to use judgement in applying such information to the share valuation models. The ultimate holding company is required to consider many factors and make certain assumptions during this assessment. If any of the assumptions used to determine the fair value of the share based payment awards change significantly, share based payment expense may differ materially in the future from that recorded in the current reporting period.

e) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Sterling, which is the Company's functional and presentation currency.

i) ***Foreign currency transactions***

Transactions in currencies different from the functional currency of the Group entity entering into the transaction are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the exchange rate ruling at that date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit and loss. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of transactions.

ii) ***Financial statements of non-Sterling operations***

The assets and liabilities of operations whose functional currency is not Sterling are translated to Sterling at exchange rates ruling at the balance sheet date. The revenues and expenses of these operations are translated to Sterling at rates approximating to the exchange rates ruling at the dates of the transactions. Exchange differences arising on retranslation of non-Sterling operations are recognised in other comprehensive income and accumulated within a separate component of equity, the foreign exchange reserve, and are released upon disposal of the non-Sterling operations.

f) Distinction between current and non-current assets and liabilities

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale for consumption in, the entity's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realised within twelve months after the end of the reporting period; or

- it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the end of the reporting period.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the entity's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be settled within twelve months after the end of the reporting period; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

g) Financial assets

Financial assets are classified at initial recognition and subsequently measured at either amortised cost or fair value through profit and loss.

The classification depends on the financial assets' contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade and other receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value. Trade and other receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

The Group has not classified any financial assets at fair value through other comprehensive income.

i) Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Cash and cash equivalents, collateral placed with banks, cash and cash equivalents held for customers and trade and other receivables are held at cost as they are short term and therefore the effect of discounting is immaterial. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

ii) Impairment of financial assets

An allowance for expected credit losses (ECLs) is required for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition (Stage 1), ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition (Stage 2), or are credit impaired (Stage 3), a lifetime loss allowance is required for credit losses.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. A provision matrix is used to calculate lifetime ECLs for assets that are not credit impaired.

Default for the purposes of determining ECLs occurs no later than 90 days past due. Given the short term nature of the Group's financial assets, indicators that a debtor is unlikely to pay will occur much earlier and amounts classified as credit impaired are fully provided within 30 days past due.

Amounts will be written off when there is no reasonable expectation of recovery.

iii) ***Financial assets at fair value through profit or loss***

All derivative financial assets are mandatorily classified as fair value through profit or loss and are held for trading. Financial assets classified at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in revenue.

iv) ***Derecognition of financial assets***

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

h) Financial liabilities

All derivative financial liabilities are classified as fair value through profit or loss and are held for trading. Financial liabilities held at amortised cost include; trade and other payables, lease liabilities, amounts due to related companies and amounts due to customers. Trade and other payables include operating expenses payable and accruals.

All financial liabilities are initially recognised at fair value. Derivative financial liabilities classified at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in revenue.

i) ***Derecognition of financial liabilities***

A financial liability is generally derecognised when the obligation under the liability is discharged, sold, cancelled or expired.

i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

j) Cash and cash equivalents

The Group considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents are measured at cost being the principal amount. These include:

i) ***Collateral placed with banks***

The Group places collateral deposits with its banks in support of initial and mark to market margin positions. Nil collateral was required to be placed with banks during 2020 due to transition to Ant Group terms with counterparty banks.

ii) ***Cash and cash equivalents held for customers***

Cash and cash equivalents held for customers represents cash held in segregated accounts. These balances can have a regulatory or operational restriction placed upon them.

A corresponding liability is maintained in connection with these amounts within "amounts due to customers" in the balance sheet.

k) Amounts due to customers

Amounts due to customers relates to cash and margin transactions. Cash transactions may include:

i) funds held on account to accumulate a balance in advance of a transaction, as well as clients holding margin with the Group.
ii) transacted amounts for which the customer chooses to delay onward payment.

l) Amounts due to or held for customers within the Group

Amounts due to customers of Group subsidiaries recognises that the Company holds customer cash on behalf of the subsidiaries. Balances held for customers within the Group recognises that the subsidiaries hold customer cash on behalf of the Company. The Company has a corresponding balance included in amounts due to or from related companies. These balances and amounts due to and from related companies within the Group are eliminated in full on consolidation. Balances and Amounts due to or held for customers within the Group do not generate revenue.

m) Taxation

i) ***Current taxation***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the company's taxable profit. The taxable profit may differ from the profit included in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

ii) ***Deferred taxation***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax.bases used in the computation of taxable profits ("temporary differences") at the rate expected to be in force when the differences reverse and is accounted for using the balance sheet liability method. Deferred tax assets are recognised when it is more likely than not that taxable profits will be available against which the differences can be utilised and this is assessed at each reporting date.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill and other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be covered. If the entity has a history of recent losses the company recognises a deferred tax asset only to the extent there is other convincing evidence that sufficient taxable profit will be available.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

n) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost comprises the aggregate amount paid to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment on a straight-line basis over its expected useful life:

- Office and computer equipment - 3 years;
- Leasehold improvements – lesser of the estimated economic useful life or the term of the lease.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and values are written down immediately to their recoverable amount if needed. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the statement of comprehensive income in the period of de-recognition.

o) Intangible assets

i) ***Internally generated software***

The Group develops internally generated software that is recognised as an intangible asset only if the criteria below are met:

- it will be available for use or sale;
- the software will generate probable future economic benefits; and
- the Group can measure reliably the costs attributable to the software during its development.

The costs that are eligible for capitalisation comprise costs of materials and services used or consumed in generating the intangible asset; staff costs associated with developing the assets, legal fees to register the asset and other directly attributable costs. Amortisation is charged to the operating expenses on a straight line basis over the useful economic lives of the assets (3 years).

ii) ***Purchased software***

The Group purchases software that is recognised as an intangible asset if the following criteria are met:

- the software will generate probable future economic benefits; and
- the Group can measure reliably the costs attributable to the software.

Amortisation is charged to operating expenses on a straight line basis over the useful economic lives of the assets (3 years).

p) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all their liabilities. Ordinary and preference shares are classified as equity and recognised at the fair value of the consideration received by the Company.

q) Investment in subsidiaries

In the holding Company's accounts the subsidiaries are carried at cost less amounts provided for impairment.

r) Impairment of non-financial assets

The Group assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If there is an indication that an asset is impaired, the Group estimates the asset's recoverable amount.

In accordance with IAS 36, the recoverable amount is the higher of an asset's or cash-generating-unit's (CGU) value-in-use (VIU) and fair value less costs of disposal (FVLCD). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group bases its impairment calculation on most recent budgets and forecast calculations. These forecast calculations cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

s) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases or low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) ***Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, dilapidation costs and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2 (s) *Impairment of non-financial assets.*

ii) ***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, or a change in the lease payments (i.e. changes to future payments resulting from a change in an index or rate used to determine such lease payments).

iii) ***Short-term leases and leases of low-value assets***

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value (value of the underlying asset is below £5k).

Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term. Sublease income on short-term leases is recognised as income on a straight-line basis over the lease term.

t) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Where the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation.

u) Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment and are recognised as distributions within equity.

v) Employee benefits

i) ***Defined contribution plan***

The Group and Company operate defined contribution pension schemes and the pension charge represents the contributions made on behalf of employees in respect of that year. These contributions are recognised as compensation expenses in the financial period in which the related service is performed.

ii) ***Employee leave entitlement***

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for leave, based on the Group's policy, as a result of services rendered by employees up to the end of the reporting period.

iii) ***Share based payments***

a. Equity settled award plans

The Group accounts for share-based schemes in accordance with the requirements of IFRS 2 taking into consideration the features of each particular arrangement.

The movement in cumulative charges since the previous balance sheet is recognised in the statement of comprehensive income with a corresponding entry in equity for equity settled schemes. The costs of share-based payments made by the Parent Company to employees of the subsidiaries was treated as an equity contribution in the subsidiaries.

The acquisition of the World First Group by Ant Group resulted in full settlement of the World First Group schemes. Ant Group the ultimate holding company uses affiliate companies to grant Restricted Share Units (RSUs), Share Economic Interest Rights (SERs) and Stock Appreciation Rights (SARs) that are equity settled with certain employees of World First Group.

Details of the share based compensation are set out in note 20.

b. Cash settled award plan

The Group had an agreement with an ex-employee that was a cash settled award plan. The Group accounted for the cash settled plan at fair value. A liability was measured and recognised initially and at the end of each reporting period until settled. The acquisition of the Worldfirst Group by Ant Group resulted in full settlement of the scheme.

w) Income recognition

i) ***Revenue***

Revenue is the difference between the cost and selling price of currency (foreign currency margin) on foreign currency exchange contracts, the revaluation of open foreign exchange positions to market value, remittance fees and fees facilitating same currency payments.

Revenue is measured based on the consideration that the Group expects to be entitled in exchange for transferring promised goods or services to a customer (executing foreign currency exchange and payment fees).

Revenue on foreign currency exchange contracts is recognised at point in time after receiving client authorisations to undertake foreign currency exchange transactions for immediate or forward delivery.

Revenue is recognised for fee related activity which is earned on a transaction basis at a point in time when the performance obligation is satisfied. Fee revenue generated from payment activity includes same currency payments and remittance fees. Remittance fees are received for the facilitation of payments on behalf of remittance partners.

A voluntary accounting policy change was adopted for the year ending 31 December 2020. Net interest income on cash and cash equivalents held for customers is considered to be part of the ordinary activities of the Company and is recognised as revenue. The prior period has been restated to reflect the change in policy.

Commission expenses are commissions paid or payable to strategic and referral partners.

ii) Other income

Other income includes sublease rent income received from unoccupied property, gains and losses on foreign exchange and income from government research and development grants.

A voluntary accounting policy change was adopted for the year ending 31 December 2020. Net interest income on cash and cash equivalents is considered an incidental benefit and is therefore recognised as other income. The prior period has been restated to reflect the change in policy.

x) Related parties

On 13th February 2019, the Company and its subsidiaries were acquired by Alipay (Hong Kong) Holding Limited, an affiliate of Ant Group. Transactions between the Group and Ant Group and its subsidiaries meet the definition of related party transactions. Transactions between the Company and its subsidiaries also meet the definition of related party transactions.

Stichting Derdengelden World First Netherlands B.V. (Foundation entity) holds safeguarded client money on behalf of Group subsidiary World First Netherlands B.V. and is therefore a related party.

Key management personnel, and persons connected with them, are also considered to be related parties. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

Related party transactions are disclosed in note 22.

y) Discontinued operations

A disposal group qualifies as a discontinued operation if it is a component of the Group that has been discontinued, disposed of or held for sale, and represents a separate business line or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss for the year from discontinued operations in the consolidated statement of comprehensive income.

Assets and liabilities classified as discontinued operations are presented separately as current items in the consolidated balance sheet.

Additional disclosures are provided in note 6.

z) Government grants

In 2020, the Singapore governments provided cashflow support to eligible local businesses during the economic downturn associated with COVID-19. World First Group subsidiary World First Asia Pte Limited was eligible for this support. In accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Asistance, the receipts were recognised as an offset to the related expenses.

3. Revenue

	Group Year ended 31 December 2020	Group Year ended 31 December 2019
Revenue	**£'000**	**£'000**
Revenue on foreign exchange contracts	30,295	42,934
Fees on same currency contracts	4,449	5,253
Remittance fees	825	-
Commissions	(2,628)	(2,379)
Mark to market on derivative financial instruments	(608)	120
Interest income	903	1,690
Interest expense	(119)	(17)
	33,117	47,601
Other income		
(Loss)/gain on foreign exchange	(553)	470
Income from subleases	-	88
Interest income	112	151
Interest expense	(104)	(98)
Other income	1,763	317
	1,218	928
Total income	**34,335**	**48,529**

Net interest income on cash and cash equivalents held for customers is part of the ordinary activities of the Group and is recognised as revenue. Net interest income on cash and cash equivalents is an incidental benefit and is therefore recognised as other income. This reflects the accounting policy change as detailed in note 2 (w).

4. Employees' and Directors' remuneration

	Group Year ended 31 December 2020	Group Year ended 31 December 2019
	£'000	£'000
Staff costs (including Directors) comprise:		
Salaries and wages	22,260	36,521
Bonus	7,184	6,338
Social security costs	2,480	3,345
Retirement benefit costs	1,125	1,377
Share based payments	4,029	669
	37,078	**48,250**

Average number of employees including Directors during the year:

	Group Year ended 31 December 2020	Group Year ended 31 December 2019
	Number	Number
Sales and dealing	90	138
General administration	74	437
Management	16	45
	180	**620**

The average number of employees of the Company during 2020 was 211 employees (2019: 358 employees). As noted in the Directors' Report on page 10, the restructure of World First Services Limited resulted in more than 80% of the employees being transferred out of the WFUK Group to the World First Services entity on 1st August 2020.

Directors' remuneration:

	Company Year ended 31 December 2020	Company Year ended 31 December 2019
	£'000	£'000
Directors' emoluments	210	447
Retirement benefit costs	7	12
Share based payments	156	-
	373	**459**

During the period retirement benefits were accruing to two Directors (2019: one Director) in respect of money purchase pension schemes. The highest paid Director received remuneration of £160k (2019: £459k).

The value of the Group's contributions paid to a money purchase pension scheme in respect of the highest paid Director amounted to £4k (2019: £12k).

Included in Directors' emoluments is £nil of compensation for loss of office (2019: £nil).

5. Operating expenses

Operating loss is after charging:

	Group Year ended 31 December 2020	Group Year ended 31 December 2019
	£'000	£'000
Wages, salaries and bonus	33,048	47,581
Share based payments	4,029	669
Depreciation	3,233	3,019
Amortisation	2,143	3,792
Impairments	352	2,927
Operating lease rental	29	367
Marketing costs	4,008	8,558
Banking costs	8,442	5,337
Provision of services from Ant Group companies	5,777	-
Professional fees	6,587	11,096
Other administrative costs	9,228	9,643
	76,876	**92,989**

Wages, salaries and bonus includes Singapore government grant of £186k provided to World First Group subsidiary World First Asia Pte Limited.

6. Discontinued operations

World First Payment Gateways India Private Limited is in the process of being liquidated and is presented as discontinued operations in the Consolidated Balance Sheet and the Statement of Comprehensive Income.

As noted in the previous financial years, in December 2018 a decision was made by the Board to withdraw support for World First USA, Inc. following an acquisition bid for the Group from Alipay Hong Kong Holding Limited, an affiliate of Ant Group. The Directors of World First USA, Inc. therefore decided to sell the company and it was subsequently sold in February 2019. World First USA, Inc. was presented as discontinued operations in the Statement of Comprehensive Income for the year ending 31st December 2019.

As noted in the previous financial years, World First Markets Limited ceased to offer clients options in December 2016 and closed all remaining options during 2017. The residual activity in World First Markets Limited continues to be presented as discontinued operations in the Statement of Comprehensive Income for the year ending 31st December 2020.

A summary of the discontinued business in the Group is shown below.

(Loss)/profit from discontinued operations	**Year ended 31 December 2020**	**Year ended 31 December 2019**
Revenue	**£'000**	**£'000**
Revenue on foreign exchange contracts	-	799
Fees on same currency contracts	-	128
Commissions paid	-	(47)
	-	880
Other income		
Other income	-	9
Gain on foreign exchange	-	562
	-	571
Total income	-	**1,451**
Operating expenses		
Marketing costs	-	(37)
Regulatory costs	-	(9)
Professional fees	(54)	(77)
Banking costs	-	(15)
Audit fees	-	(7)
Salaries and wages	-	(302)
Operating lease rental	-	(11)
Lease termination costs	-	2,240
Other costs	(10)	(14)
	(64)	**1,768**
Operating (loss)/profit	**(64)**	**3,219**
Tax charge on ordinary activities	-	-
(Loss)/profit after taxation	**(64)**	**3,219**

	As at 31 December 2020	**As at 31 December 2019**
	£'000	**£'000**
Assets – discontinued operations		
Cash and cash equivalents	20	-
	20	**-**
Liabilities – discontinued operations		
Trade and other payables	6	-
Amounts due to related companies	5	-
	11	**-**

7. Auditors' remuneration

	Year ended 31 December 2020	Year ended 31 December 2019
	£'000	£'000
Audit of financial statements	668	350
Audit of subsidiaries	88	186
	756	536
Audit of financial statements under accrual from prior year	75	34
Taxation compliance & advisory services	25	227
Other non-audit services	96	30
Internal audit services	40	40
	236	331
Total	**992**	**867**

8. Corporation tax

a) Tax charge in the income statement on continuing operations

	Group Year ended 31 December 2020	Group Year ended 31 December 2019
	£'000	£'000
Current income tax		
UK corporation tax	-	(13)
Foreign tax	37	109
Other tax expenses	28	103
Adjustments in respect of prior years	821	120
Total current income tax	886	319
Deferred income tax		
Origination and reversal of temporary differences	(274)	151
Adjustments in respect of prior years	-	24
Total deferred tax	(274)	175
Tax expense in the income statement	**612**	**494**

b) Tax relating to items charged to equity

	Group Year ended 31 December 2020	Group Year ended 31 December 2019
	£'000	£'000
Deferred tax charge	-	37
Tax charge to equity	**-**	**37**

The deferred tax charged to equity relates to the IFRS16 adjustment required for the new lease accounting rules.

c) Reconciliation of the total tax charge for continuing operations

The tax expense in the income statement for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are reconciled below:

	Group Year ended 31 December 2020	Group Year ended 31 December 2019
	£'000	£'000
Loss before tax	(42,704)	(44,694)
Tax credit at UK corporation tax rate of 19%	(8,114)	(8,492)
Effects of:		
Overseas tax rates	(34)	(21)
Non-deductible expenses	451	300
Non-taxable income	(210)	(213)
Adjustments for prior periods	821	144
Other overseas taxes charges	66	132
Items not recognised for deferred tax	7,707	8,529
Other	-	(2)
Utilisation of brought forward losses	-	(58)
Write-off of previously recognised deferred tax	-	175
Temporary differences now recognised	(46)	-
Tax loss now recognised	(29)	-
Total expense in the income statement	612	494

d) Reconciliation of the total tax charge for discontinued operations

	Group Year ended 31 December 2020	Group Year ended 31 December 2019
	£'000	£'000
(Loss)/profit before tax of discontinuing operations	(64)	3,236
Tax (credit)/charge at UK corporation tax rate of 19%	(12)	615
Effects of:		
Non-deductible expenses	12	-
Non-taxable income		(620)
Items not recognised for deferred tax	-	5
Tax charge on discontinued operations (note 6)	-	-

e) Unrecognised tax losses

As at 31 December 2020 the group has unutilised tax losses of approximately £86m (31 December 2019: £48.8m). These losses are available for offset against future taxable profits, subject to the agreement of the tax authority and provisions of local Income Tax Acts.

These deferred tax assets have not been recognised in the Financial Statements as, although the Directors are confident in the future growth of the business, these forecasts are inherently uncertain so a recognition of the deferred tax asset is not considered appropriate.

Expiration of losses	Year ended	Gross losses ¥'000	Gross losses £'000	At local tax rate £'000	At UK tax rate £'000	Expiry date
World First Japan K.K	2017	15,171	108	33	21	31 Dec 2026
World First Japan K.K	2020	66,001	470	144	89	31 Dec 2030

*The losses for World First UK Limited, World First Asia Limited, World First Asia Pte Limited and World First Pty Limited are carried forward indefinitely.

f) Change in UK corporate tax rate

The main rate of corporate tax for the year ended 31 December 2020 is 19% (2019: 19%).

The UK Government announced on 3 March 2021 its intention to increase the UK rate of corporation tax to 25% from 19% from 1 April 2023. As this rate was not substantively enacted at the year end, tax balances have been calculated based on the prevailing rate of 19%.

g) Deferred tax

Deferred tax on losses are recognised only where there is a strong business case supported by clear financial plans which have been reviewed by the Board, and it is considered probable that the deferred tax balance is recoverable in the foreseeable future before the losses expire.

Although the Directors are confident in the future growth of the business, these forecasts are inherently uncertain so a recognition of the deferred tax asset is not considered appropriate.

Unrecognised deferred tax assets of £17.4m (2019: £9.6m), relating to losses, fixed assets and other temporary differences, have not been recognised in the Financial Statements of the Group, as although the Directors are confident in the future growth of the business, the Directors have taken a conservative view that the recognition of the deferred tax assets is not appropriate at this time.

Unrecognised deferred tax assets of £13.6m (2019: £8.3m), relating to losses, fixed assets and other temporary differences, have not been recognised in the Financial Statements of the Company, as although the Directors are confident in the future growth of the business, the Directors have taken a conservative view that the recognition of the deferred tax assets is not appropriate at this time.

The deferred tax movement for the Group on continuing operations is as follows:

	Continuing Operations	
	31 December 2020 £'000	31 December 2019 £'000
Deferred tax asset at start of the period	-	224
Deferred tax credit to the income statement in the period	274	(151)
Prior period adjustment	-	(24)
Impact of change in exchange rates	-	(12)
Deferred tax charged to equity	-	(37)
Deferred tax asset at end of the period	**274**	-
The deferred tax asset arises on:		
Fixed assets and intangibles	16	-
Other short term temporary differences	4	-
Losses	254	-
	274	-

The deferred tax movement for the Group on discontinued operations was nil for both years ending 31 December 2020 and 31 December 2019.

The deferred tax movement for the Company was nil for both years ending 31 December 2020 and 31 December 2019.

h) Reconciliation of tax asset/(liability)

	Group		Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	£'000	£'000	£'000	£'000
Non-current assets				
Corporation tax receivable	207	212	-	-
Current assets				
Corporation tax receivable	-	619	-	602
Current liabilities				
Corporation tax payable	1,390	84	1,388	22
Net position	**(1,183)**	**747**	**(1,388)**	**580**
Tax (liability)/asset				
At the start of the period	**747**	**860**	**580**	**562**
Corporation tax charge to equity	-	(37)	-	-
Impact of change in exchange rates	26	(15)	-	-
Corporation tax (refunded)/paid	(1,069)	433	(1,143)	174
Corporation tax charge to income statement	(887)	(494)	(825)	(156)
At the end of the period	**(1,183)**	**747**	**(1,388)**	**580**

9. Property, plant and equipment

Group

	Computer equipment £'000	Leasehold property £'000	Office equipment £'000	Total £'000
Costs				
As at 1 Janaury 2019	2,218	1,783	2,225	6,226
Additions	936	122	214	1,272
As at 31 December 2019	2,978	1,631	2,186	6,795
Additions	1,426	85	131	1,642
Sale of asset	(894)	-	-	(894)
As at 31 December 2020	3,510	1,716	2,317	7,543
Depreciation				
As at 1 January 2019	(1,593)	(1,372)	(1,940)	(4,905)
Provided for the year	(516)	(221)	(166)	(903)
As at 31 December 2019	(1,934)	(1,437)	(1,852)	(5,223)
Provided for the year	(727)	(176)	(114)	(1,017)
Impairments	(37)			(37)
Sale of asset	274	-	-	274
As at 31 December 2020	(2,424)	(1,613)	(1,966)	(6,003)
Net book value				
As at 31 December 2019	1,044	194	334	1,572
As at 31 December 2020	**1,086**	**103**	**351**	**1,540**

Company

	Computer equipment £'000	Leasehold property £'000	Office equipment £'000	Total £'000
Costs				
As at 1 Janaury 2019	1,451	901	1,169	3,521
Additions	675	88	213	976
As at 31 December 2019	2,126	799	1,382	4,307
Additions	1,015	39	113	1,167
Sale of asset	(877)	-	-	(877)
As at 31 December 2020	2,264	838	1,495	4,597
Depreciation				
As at 1 January 2019	(1,077)	(748)	(1,125)	(2,950)
Provided for the year	(367)	(95)	(110)	(572)
As at 31 December 2019	(1,444)	(694)	(1,235)	(3,373)
Provided for the year	(500)	(37)	(112)	(649)
Sale of asset	257	-	-	257
As at 31 December 2020	(1,687)	(731)	(1,347)	(3,765)
Net book value				
As at 31 December 2019	682	105	147	934
As at 31 December 2020	**577**	**107**	**148**	**832**

10. Intangible assets

Group

	Software developments £'000	Purchased software £'000	Total £'000
Costs			
As at 1 January 2019	22,243	1,022	23,265
Additions	490	110	600
As at 31 December 2019	22,733	1,132	23,865
Additions	113	141	254
As at 31 December 2020	22,846	1,273	24,119
Amortisation			
As at 1 January 2019	(10,846)	(757)	(11,603)
Provided for the year	(3,630)	(162)	(3,792)
Written off for the year	(2,927)	-	(2,927)
As at 31 December 2019	(17,403)	(919)	(18,322)
Provided for the year	(2,040)	(103)	(2,143)
Written off for the year	(290)	(25)	(315)
As at 31 December 2020	(19,733)	(1,047)	(20,780)
Net book value			
As at 31 December 2019	5,330	213	**5,543**
As at 31 December 2020	3,113	226	**3,339**

Intangible assets are assessed regularly during the reporting period for any indicators of impairment. When indicators of impairment exist, a value in use assessment is performed which includes a review of financial performance to date and future trading prospects to estimate future cash flows discounted at an appropriate rate.

As a result of the change in business strategy following the acquisition by Ant Group on 13 February 2019, impairments of £2.9m were recognised in 2019. In addition, a significant amount of the IT development expense for the financial year was no longer eligible for capitalisation in accordance with IAS 38.

As a result of system integration with Ant Group, useful life reductions and impairments of £290k were recognised in 2020.

Company

	Software developments	Purchased software	Total
	£'000	£'000	£'000
Costs			
As at 1 January 2019	22,243	901	23,144
Additions	490	110	600
As at 31 December 2019	22,733	1,011	23,744
Additions	113	139	252
As at 31 December 2020	22,846	1,150	23,996
Amortisation			
As at 1 January 2019	(10,846)	(730)	(11,576)
Provided for the year	(3,630)	(116)	(3,746)
Written off for the year	(2,927)	-	(2,927)
As at 31 December 2019	(17,403)	(846)	(18,249)
Provided for the year	(2,040)	(80)	(2,120)
Written off for the year	(290)	-	(290)
As at 31 December 2020	(19,733)	(926)	(20,659)
Net book value			
As at 31 December 2019	5,330	165	5,495
As at 31 December 2020	3,113	224	3,337

11. Investments in subsidiaries

	Year ended 31 December 2020	Year ended 31 December 2019
	£'000	£'000
Balance at the beginning of the year	14,101	13,040
Investment during the year	8,894	1,407
Impairments during the year	(91)	(685)
Impairments reversal during the year	577	108
Investments via share based payments	1,584	231
Balance at the end of the year	**25,065**	**14,101**

The Company made £8.9m investments in the share capital of its subsidiaries (2019: £1.4m).

Investments in subsidiaries are assessed at the end of each reporting period for any indicators of impairment. A review of financial performance to date and future trading prospects of the business is considered in the assessment.

To calculate value-in-use for the asset, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group bases its impairment calculation on most recent budgets and forecast calculations. These forecast calculations cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. The sensitivity to any future impairments is linked directly with the performance against forecasts and there is less sensitivity to discount rates. Judgement is required in relation to the achievability of the long-term business plan and macroeconomic assumptions underlying the valuation process, however the risk of a material adjustment to the carrying amount of the Company's investments in subsidiaries is not significant. Management do not consider that any reasonably possible changes to the key assumptions would reduce the recoverable amount to its carrying value.

The principal subsidiaries of the Company as at 31 December 2020, all of which have been included in these consolidated statements are as follows:

Subsidiary undertakings	Country of incorporation	Registered office	Percentage holding of ordinary shares	Nature of business
World First Asia Limited	Hong Kong	Room 3003-3008, 30F, Chubb Tower, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong	100%	Foreign exchange broker
World First Asia Pte Ltd	Singapore	Unit 36-03, 6 Shenton Way OUE Downtown 1, Singapore 068809	100%	Foreign exchange broker
World First Pty Limited	Australia	Level 7 33 York Street Sydney, NSW 2000, Australia	100%	Foreign exchange broker
World First Markets Limited	United Kingdom	Millbank Tower, 21-24 Millbank, London UK SW1P 4QP	100%	Closed to new business
World First Advisory Services Limited	United Kingdom	Millbank Tower, 21-24 Millbank, London UK SW1P 4QP	100%	Dormant
World First Japan K.K	Japan	Kyobashi 2-chome 2-chome, Chuo-ku Tokyo, Japan	100%	Collection services
World First Payment Gateways India Private Limited	India	Workafella Business Centre, 150/1 Infantry Road Corp. Division No. 72, Civil Station, Bailhongal Bangalore Karnataka 560001, India	100%	Being liquidated
World First Netherlands B.V.	Netherlands	Herengracht 448 Unit 2.1 1017 CA Amsterdam, Netherlands	100%	Foreign exchange broker

Yuefan Business Consulting (Shanghai) Company Limited is incorporated in the People's Republic of China and is a 100% owned subsidiary of World First Asia Limited and is an indirect holding of the Company. The Company is dormant.

One share in World First Payment Gateways India Private Limited, is held by World First Asia Limited on trust, for World First UK Limited.

Stichting Derdengelden World First Netherlands B.V. (Foundation entity) is incorporated in the Netherlands and is controlled by World First Netherlands B.V. The Foundation entity is consolidated in the Group financial statements. The entity holds safeguarded client money on behalf of World First Netherlands B.V.

World First Advisory Services Limited (company registration no. 06938755) and World First Markets Limited (company registration no. 06382377) are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under s479A.

12. Derivative financial instruments

The Group's derivative financial instruments are composed of forward currency contracts.

As at 31 December 2020	Group Current £'000	Group Non-current £'000	Company Current £'000	Company Non-current £'000
Assets				
Forwards	16,702	1,108	17,959	988
Total assets	16,702	1,108	17,959	988
Liabilities				
Forwards	(16,481)	(1,185)	(18,019)	(1,220)
Total liabilities	(16,481)	(1,185)	(18,019)	(1,220)
As at 31 December 2019				
Assets				
Forwards	8,750	815	8,768	808
Total assets	8,750	815	8,768	808
Liabilities				
Forwards	(7,063)	(771)	(7,163)	(778)
Total liabilities	(7,063)	(771)	(7,163)	(778)

13. Trade and other receivables

	Group As at 31 December 2020	Group As at 31 December 2019	Company As at 31 December 2020	Company As at 31 December 2019
Current	**£'000**	**£'000**	**£'000**	**£'000**
Trade receivables - customers	11,099	9,929	6,900	6,456
Provision for bad & doubtful debts (note 14)	(991)	(795)	(717)	(630)
Trade receivables - banks	39,186	22,127	30,221	22,127
Prepayments & accrued income	2,257	2,111	1,748	1,912
Other receivables	1,078	1,372	992	1,309
	52,629	34,744	39,144	31,174
Non-current				
Other receivables	480	475	-	15
	480	475	-	15

14. Movement in provision for bad & doubtful debts

	Group Stage 1	Group Stage 3	Group Total	Company Stage 1	Company Stage 3	Company Total
	£'000	£'000	£'000	£'000	£'000	£'000
As at 1st January 2019	-	2,639	2,639	-	695	695
Business activity in the year	244	-	244	166	-	166
Transfers from Stage 1	(244)	244	-	(166)	166	-
Releases	-	(83)	(83)	-	(65)	(65)
Write offs	-	(1,999)	(1,999)	-	(165)	(165)
Foreign exchange	-	(6)	(6)	-	(1)	(1)
As at 31st December 2019	-	795	795	-	630	630
Business activity in the year	483	-	483	214	-	214
Transfers from Stage 1	(433)	433	-	(183)	183	-
Releases	-	(227)	(227)	-	(70)	(70)
Write offs	-	(61)	(61)	-	(61)	(61)
Foreign exchange	-	1	1	-	4	4
As at 31st December 2020	50	941	991	31	686	717

The Group utilises a provision matrix to calculate lifetime ECLs for assets that are not credit impaired. All impairment allowances relate to short term trade receivable balances and are classified as either Stage 1 (no significant increase in credit risk since initial recognition) or Stage 3 (credit impaired).

15. Trade and other payables

	Group As at 31 December 2020	Group As at 31 December 2019	Company As at 31 December 2020	Company As at 31 December 2019
Current	**£'000**	**£'000**	**£'000**	**£'000**
Accruals	7,314	9,575	4,191	6,582
Trade payables	41,255	37,630	30,923	25,620
Other payables	1,311	2,673	535	2,102
Provisions	44	-	22	-
	49,924	**49,878**	**35,671**	**34,304**
Non-current				
Provisions	459	529	280	328
	459	**529**	**280**	**328**

All provisions above relate to leasehold property charges.

16. Risk

An explanation of the Group's significant financial risk management objectives, policies and strategies is set out below.

The Board acknowledges the critical importance of sound and prudent risk and capital management practices to achieving the Group's strategic objectives and its own responsibility for satisfying itself that such practices are embedded into the day-to-day management of the Group's affairs.

The World First Group has adopted a 'three lines of defence' model to manage its principal business risks:

1. Line 1 is risk management: primary responsibility for strategy, performance and risk management lies with the Board, Management Risk Committee, the CEO and the Heads of each department.
2. Line 2 is risk oversight: risk oversight is provided by the Risk Team.
3. Line 3 is independent assurance: independent assurance on the effectiveness of the risk management systems. Using a risk based approach the internal audit function provides assurance to the Board on how effectively the organisation assesses and manages its risks, including the manner in which the first and second lines of defence operate.

The Company's activities expose it to a variety of financial risks as outlined below.

Market risk

The main market risk to which the Group is exposed is the risk of loss due to adverse changes in foreign exchange rates. As a matched-principal foreign exchange broker, the Group has limited foreign exchange market risk as the vast majority of trades with customers are matched against trades with the Group's counterparty banks. Some market risk is observed

as a result of the CNH/CNY conversion for the E-commerce business. For this purpose the Board has approved a notional exposure intraday and overnight. The Group only enters into proprietary trades for hedging activities.

Foreign currency risk

The Group is exposed to foreign currency risk due to transactions made in non-functional currency. Foreign currency risk for the subsidiaries is transferred to the parent company by selling down exposures to non-functional currencies. Exposure to foreign exchange risk is monitored on an ongoing basis to ensure that the net exposure is at an acceptable level.

The below sensitivity analysis illustrates potential movement in the statement of comprehensive income and has been prepared based on reasonably possible changes in exchange rates that would happen one at a time and assumes all other variables are held constant.

Group

Sensitivity of profit before tax to a +/- 5% change in foreign exchange rates

	2020	2019
	£'000	£'000
USD	(381)	(67)
HKD	538	(294)
SGD	41	72
EUR	88	2
Other	(174)	(120)
Total	**112**	**(407)**

Company

Sensitivity of profit before tax to a +/- 5% change in foreign exchange rates

	2020	2019
	£'000	£'000
USD	(342)	(67)
HKD	539	(294)
SGD	41	72
EUR	(39)	(17)
Other	(155)	(96)
Total	**44**	**(402)**

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a customer or counterparty default on their obligations. The Company's exposure to credit risk arises primarily from cash and cash equivalents, amounts due from related companies and trade and other receivables and in relation to transactions where the Group enters into derivative contracts requiring settlement by the other party or cash holdings.

The carrying amount of financial assets recognised in the balance sheet represents the Group's maximum exposure to credit risk at the reporting date with the exception of derivative financial instruments which were adjusted by a credit valuation adjustment (CVA). The CVA represents the credit risk associated with the derivative financial instrument based on the probability of default of the underlying client or counterparty bank.

The table below shows the Group and Company's maximum exposure to credit risk for its derivative financial instruments:

	Group As at 31 December 2020	Group As at 31 December 2019	Company As at 31 December 2020	Company As at 31 December 2019
	£'000	£'000	£'000	£'000
Financial instruments				
Long term (note 12)	1,108	815	988	808
Short term (note 12)	16,702	8,750	17,959	8,768
Carrying Value	17,810	9,565	18,947	9,576
Credit valuation adjustment	679	30	385	29
Total maximum exposure	18,489	9,595	19,332	9,605

The Client terms and conditions require clients to provide collateral which provides further mitigation to the derivative financial instruments credit risk exposures detailed above. As at 31 December 2020 total collateral held by the Group is £6.9m (2019: £5.9m) of which £5.5m (2019: £5.6m) is held by the Company. The Group and the Company have an obligation to repay the deposit to the counterparties upon the settlement of the client exposures. There are no other significant terms and conditions associated with the use of collateral.

Group policies are aimed at reducing the impact of losses as a result of credit events, and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness assessments. Individual exposures are monitored with customers subject to credit limits to reduce the Group's potential exposure to credit loss.

The Group requests collateral from customers which is determined following an assessment of their risk profile. In respect of the assets due from customers the Group holds cash collateral as security depending on the customers' creditworthiness. There are no other significant credit enhancements in respect of these assets.

Credit risk relating to customer contracts is monitored on a daily basis and additional collateral is sought if appropriate via margin calls.

The Group's policies restrict the counterparty banks with which derivative transactions can be contracted and funds may be deposited only to those approved by the Board. These banks and financial institutions have a high credit rating and management ensures that exposure is spread appropriately.

The Group has a large number of customers, none of which have a material balance due to the Group, and therefore there is no significant concentration of customer credit risk. Customers range from corporates to individuals.

The Group manages its concentration risk with its banking partners by having a variety of banking partners, and ensuring its exposure to any one specific bank is appropriately managed. The Group also only enters into material banking relationships with banks with appropriate credit ratings. The credit worthiness of our banking partners are monitored on a daily basis using credit default swap pricing and monitoring of credit ratings from credit agencies.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to a shortage of funds. The Group's exposure to liquidity risk arises mainly from bank demands to meet margin calls and from mismatches of the maturities of financial assets and liabilities. The Group's policy on liquidity risk management is to maintain sufficient cash and available funding to meet forecast cash movements. Cash balances and forecast cash movements are reviewed on a regular basis to ensure that the Group maintains adequate working capital. The Group's financial assets and liabilities are short term in nature, which mitigates the risk of default on financial obligations.

The maturity profile of the Group and Company's financial assets and liabilities at the year end, based on undiscounted contractual cash flows, is set out on pages 56 and 57.

Group	**Less than 3 months**	**Between 3 to 6 months**	**Between 6 to 12 months**	**More than 12 months**	**Total**
As at 31 December 2020	**£ '000**	**£ '000**	**£ '000**	**£ '000**	**£ '000**
Assets					
Derivative financial instruments	6,962	4,677	5,063	1,108	**17,810**
Cash and cash equivalents	40,168	-	-	-	**40,168**
Cash and cash equivalents held for customers	1,001,545	-	-	-	**1,001,545**
Trade and other receivables	52,629	-	-	480	**53,109**
Amounts due from related companies	18				**18**
Total assets	1,101,322	4,677	5,063	1,588	**1,112,650**
Liabilities					
Derivative financial instruments	6,630	4,748	5,103	1,185	**17,666**
Lease liabilities	547	538	1,036	1,226	**3,347**
Trade and other payables	49,924	-	-	459	**50,383**
Amounts due to customers	1,008,344	-	-	-	**1,008,344**
Amounts due to related companies	19,435	-	-	-	**19,435**
Total liabilities	1,084,880	5,286	6,139	2,870	**1,099,175**
Net financial assets	**16,442**	**(609)**	**(1,076)**	**(1,282)**	**13,475**

	Less than 3 months	**Between 3 to 6 months**	**Between 6 to 12 months**	**More than 12 months**	**Total**
As at 31 December 2019	**£ '000**	**£ '000**	**£ '000**	**£ '000**	**£ '000**
Assets					
Derivative financial instruments	3,693	2,319	2,738	815	**9,565**
Cash and cash equivalents	45,658	-	-	-	**45,658**
Collateral placed with banks	3,963	-	-	-	**3,963**
Cash and cash equivalents held for customers	416,740	-	-	-	**416,740**
Trade and other receivables	34,744	-	-	475	**35,219**
Total assets	504,798	2,319	2,738	1,290	**511,145**
Liabilities					
Derivative financial instruments	2,798	1,973	2,292	771	**7,834**
Lease liabilities	546	523	1,058	3,412	**5,539**
Trade and other payables	49,878	-	-	529	**50,407**
Amounts due to customers	409,356	-	-	-	**409,356**
Amounts due to related companies	-	-	7,372	-	**7,372**
Total liabilities	462,578	2,496	10,722	4,712	**480,508**
Net financial assets	**42,220**	**(177)**	**(7,984)**	**(3,422)**	**30,637**

Company As at 31 December 2020	Less than 3 months £ '000	Between 3 to 6 months £ '000	Between 6 to 12 months £ '000	More than 12 months £ '000	Total £ '000
Assets					
Derivative financial instruments	7,608	5,033	5,318	988	**18,947**
Cash and cash equivalents	14,783	-	-	-	**14,783**
Cash and cash equivalents held for customers	670,566	-	-	-	**670,566**
Trade and other receivables	39,144	-	-	-	**39,144**
Amounts due from related companies	2,554	-	-	-	**2,554**
Total assets	734,655	5,033	5,318	988	**745,994**
Liabilities					
Derivative financial instruments	7,288	5,364	5,367	1,220	**19,239**
Lease liabilities	276	261	503	17	**1,057**
Trade and other payables	35,670	-	-	280	**35,950**
Amounts due to customers	193,884	-	-	-	**193,884**
Amounts due to customers of subsidiaries	480,944	-	-	-	**480,944**
Amounts due to related companies	12,189	-	-	-	**12,189**
Total liabilities	730,251	5,625	5,870	1,517	**743,263**
Net financial assets	**4,404**	**(592)**	**(552)**	**(529)**	**2,731**

As at 31 December 2019	Less than 3 months £ '000	Between 3 to 6 months £ '000	Between 6 to 12 months £ '000	More than 12 months £ '000	Total £ '000
Assets					
Derivative financial instruments	3,699	2,316	2,753	808	**9,576**
Cash and cash equivalents	27,660	-	-	-	**27,660**
Collateral placed with banks	3,963	-	-	-	**3,963**
Cash and cash equivalents held for customers	313,947	-	-	-	**313,947**
Trade and other receivables	31,174	-	-	15	**31,189**
Balances held for customers within the Group	5,614	-	-	-	**5,614**
Amounts due from related companies	189	-	-	-	**189**
Total assets	386,246	2,316	2,753	823	**392,138**
Liabilities					
Derivative financial instruments	2,892	1,979	2,292	778	**7,941**
Lease liabilities	265	251	504	1,206	**2,226**
Trade and other payables	34,304	-	-	328	**34,632**
Amounts due to customers	140,658	-	-	-	**140,658**
Amounts due to customers of subsidiaries	180,378	-	-	-	**180,378**
Amounts due to related companies	18,033	-	-	-	**18,033**
Total liabilities	376,530	2,230	2,796	2,312	**383,868**
Net financial assets	**9,716**	**86**	**(43)**	**(1,489)**	**8,270**

The maturity profile of the Group's financial liabilities is closely matched by the maturity profile of its financial assets. To manage its liquidity the Group normally requires payment of trades with customers in advance of settling trades with the banks. The liquidity risk is also mitigated by the collateral received from customers.

The net financial assets of the Group and Company have decreased since the prior year due to an increase in Amounts due to related companies resulting from integration activity and funding arrangements with Ant Group companies.

Ant Group is committed to supporting the ongoing capital position of the Group. They have indicated, by way of a letter of support, their ongoing unconditional support for the present and future financial obligations of the Group.

COVID-19

The impact of the COVID-19 pandemic is described in the Strategic Report on page 8.

We continue to monitor the COVID-19 pandemic situation and will take further action as necessary in response to the economic disruption.

Other risks

The Group has exposure to other risks including operational, regulatory and reputational risk.

Operational risk is the risk of loss resulting from inadequate internal processes, people and systems or from external events.

Reputational risk is the risk of damage to the Group or Company's brand or reputation which could lead to further financial risk including risk to earnings, capital or liquidity.

The Group is subject to regulation by local regulatory authorities as detailed on the Directors' Report on page 7. Regulatory risk is the risk of changes by such authorities that could adversely affect the business. This includes regulatory capital and own funds requirements. Capital management is detailed in note 17 below.

The Board and Management of the Group regularly monitor key risks through the Risk Management Committee which tracks indicators for each category of risk to which the Group is exposed.

17. Capital Management

Total capital is defined as share capital and reserves attributable to the equity owners of the Company.

The Board monitors the Group's capital and cash positions regularly to ensure the Group has adequate capital and liquidity to trade and take advantage of business opportunities.

Individual subsidiaries are subject to legal and regulatory capital requirements dependent upon the scale of operations and the products they offer. The Board monitors the capital structure of each subsidiary against these requirements in addition to reviewing periodically the overall capital requirements and capital resources of the Group.

Under the electronic money regulations, the Company is required to hold capital equivalent to 2% of the moving six month average outstanding E-money liabilities at the end of each calendar day and was in compliance for the period ended 31 December 2019 and 2020.

The maturity profile of the Group's financial liabilities is closely matched by the maturity profile of its financial assets. To manage its liquidity the Group normally requires payment of trades with customers in advance of settling trades with the market. The liquidity risk is also mitigated by the collateral received from customers.

The net financial assets of the Group and Company have decreased since the prior year due to an increase in Amounts due to related companies resulting from integration activity and funding arrangements with Ant Group companies.

Ant Group is committed to supporting the ongoing capital position of the Group. They have indicated, by way of a letter of support, their ongoing unconditional support for the present and future financial obligations of the Group.

COVID-19

The impact of the COVID-19 pandemic is described in the Strategic Report on page 8.

We continue to monitor the COVID-19 pandemic situation and will take further action as necessary in response to the economic disruption.

Other risks

The Group has exposure to other risks including operational, regulatory and reputational risk.

Operational risk is the risk of loss resulting from inadequate internal processes, people and systems or from external events.

Reputational risk is the risk of damage to the Group or Company's brand or reputation which could lead to further financial risk including risk to earnings, capital or liquidity.

The Group is subject to regulation by local regulatory authorities as detailed on the Directors' Report on page 7. Regulatory risk is the risk of changes by such authorities that could adversely affect the business. This includes regulatory capital and own funds requirements. Capital management is detailed in note 17 below.

The Board and Management of the Group regularly monitor key risks through the Risk Management Committee which tracks indicators for each category of risk to which the Group is exposed.

17. Capital Management

Total capital is defined as share capital and reserves attributable to the equity owners of the Company.

The Board monitors the Group's capital and cash positions regularly to ensure the Group has adequate capital and liquidity to trade and take advantage of business opportunities.

Individual subsidiaries are subject to legal and regulatory capital requirements dependent upon the scale of operations and the products they offer. The Board monitors the capital structure of each subsidiary against these requirements in addition to reviewing periodically the overall capital requirements and capital resources of the Group.

Under the electronic money regulations, the Company is required to hold capital equivalent to 2% of the moving six month average outstanding E-money liabilities at the end of each calendar day and was in compliance for the period ended 31 December 2019 and 2020.

18. Fair value estimation

Recurring fair value measurement

In accordance with IFRS 13 the Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 Inputs: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The forward currency contract asset and liabilities of the Group are categorised as Level 2.

The Group utilises valuation techniques that use observable inputs. A third party derivative analytics software is used to value forward currency contract assets and liabilities based on observable market data. The Group determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. The fair values of over the counter (OTC) financial instruments are determined using appropriately tested valuation models. A fair value adjustment for counterparty credit risk associated with the derivative financial instrument, known as a Credit Valuation Adjustment (CVA), is also based on observable inputs.

The following table summarises the derivative financial assets and liabilities measured at fair value.

	Group	Company
As at 31 December 2020	**Level 2**	**Level 2**
	£'000	**£'000**
Assets		
Forwards	17,810	18,947
Total assets	17,810	18,947
Liabilities		
Forwards	17,666	19,239
Total liabilities	17,666	19,239
As at 31 December 2019		
Assets		
Forwards	9,565	9,576
Total assets	9,565	9,576
Liabilities		
Forwards	7,834	7,941
Total liabilities	7,834	7,941

There were no instruments in either level 1 or level 3 for either the Group or Company at 31 December 2020 or 2019 and there were no transfers between levels during the year ended 31 December 2020 or 2019.

For all other non-derivative financial instruments, carrying value is considered to be a reasonable approximation of fair value.

19. Share capital

	31 December 2020 Number thousands	31 December 2019 Number thousands	31 December 2020 £'000	31 December 2019 £'000
Authorised				
Ordinary share of £0.01 each (2019: £1)	6,060,000	45,600	-	45,600
Ordinary shares class B of £0.01 each (2019: £1)	40,000	400	-	400
Ordinary shares class C of £0.01 each	21	21	-	-
Ordinary shares class D of £0.01 each	44	44	-	1
Ordinary shares class E of £0.01 each	6	6	-	-
Ordinary shares class F of £0.01 each	11	11	-	-
Allotted, issued and fully paid				
Ordinary shares of £1 each				
Opening balance	45,600	600	45,600	600
Issued in the year	15,000	45,000	15,000	45,000
	60,600			
Change in share structure to £0.01 each	6,060,000			
Closing balance	6,060,000	45,600	60,600	45,600
Ordinary shares class B of £0.01 each				
Opening balance	400	-	400	-
Issued in the year	-	400	-	400
	400			
Change in share structure to £0.01 each	40,000			
Closing balance	40,000	400	400	400
Preference A shares of £1 each				
Opening balance	-	67	-	67
Converted to ordinary shares class B	-	(67)	-	(67)
Closing balance	-	-	-	-
Preference B shares of £1 each				
At the beginning and end of the year	-	333	-	333
Converted to ordinary shares class B	-	(333)	-	(333)
Closing balance	-	-	-	-
Ordinary shares class C of £0.01 each				
Opening balance	21	21	-	-
Closing balance	21	21	-	-
Ordinary shares class D of £0.01 each				
Opening balance	44	44	1	1
Closing balance	44	44	-	1
Ordinary shares class E of £0.01 each				
Opening balance	6	6	-	-
Closing balance	6	6	-	-
Ordinary shares class F of £0.01 each				
Opening balance	11	11	-	-
Closing balance	11	11	-	-
Total			**61,001**	**46,001**

During the year ending 31 December 2020, Alipay (Hong Kong) Holding Limited injected equity capital of £15m (2019: £45m) at £1 per ordinary share into the Company. On the 29th June 2020, ordinary shares and ordinary B class shares were subdivided from £1 to £0.01 per share.

Ordinary shares share ratably in the payment of distributions which are allocated on an aggregate basis as detailed in the Articles of Association. The holders of these shares are entitled to receive notice of, attend and speak at general meetings of the Company and to vote on resolutions. Ordinary shares in issue immediately prior to a re-designation of any preferred convertible shares shall be automatically re-designated as Ordinary A shares. Ordinary shares have full dividend rights and do not confer any rights of redemption.

Ordinary B shares share ratably in the payment of distributions which are allocated on an aggregate basis to this share class as detailed in the Articles of Association. These shares carry the right to receive notice of, attend and speak at general meetings and to vote on resolutions. These shares carry full dividend rights and do not confer any rights of redemption.

Ordinary C shares which were issued during 2014 and 2015, have no right entitling the holders to participate in any dividend distribution (other than as detailed in the Articles of Association), and are not entitled to receive notice of, attend or speak at general meetings or vote on resolutions. Ordinary C shares do not confer any right of redemption. Ordinary C shares have been issued to employees with the purpose of replacing share options that were previously granted.

Ordinary D shares which were issued during 2014 and 2015, have no right entitling the holders to participate in any dividend distribution (other than as detailed in the Articles of Association), and are not entitled to receive notice of, attend or speak at general meetings or vote on resolutions. Ordinary D shares do not confer any right of redemption. Ordinary D shares were issued to selected employees as incentives.

Ordinary E shares which were issued during 2016, have no right entitling the holders to participate in any dividend distribution (other than as detailed in the Articles of Association), and are not entitled to receive notice of, attend or speak at general meetings or vote on resolutions. Ordinary E shares do not confer any right of redemption. Ordinary E shares were issued to selected employees as incentives.

Ordinary F shares which were issued during 2017 and 2018, have no right entitling the holders to participate in any dividend distribution (other than as detailed in the Articles of Association), and are not entitled to receive notice of, attend or speak at general meetings or vote on resolutions. Ordinary F shares do not confer any right of redemption. Ordinary F shares were issued to selected employees as incentives.

During the periods to 31 December 2018, 31 December 2017 and 31 December 2016, the Company issued ordinary shares of class E and F as part of its share based payments arrangements with its staff. See note 20.

20. Share based payments and reserves

<u>World First Group Schemes</u>

The Group had two equity settled share schemes that allowed employees to acquire shares in the Company and a cash settled agreement with an ex-employee. The acquisition of the WorldFirst Group by Ant Group resulted in the vesting of all share based payment schemes for the year ended 31 December 2019. The schemes were replaced by new schemes operated by Ant Group as detailed below. The share based payments reserve is used to recognise the value of equity settled share based payments provided to employees. For the year ended 31 December 2019, the financial impact of settling the equity settled schemes resulted in a release of £1,659k from the share based payments reserve to retained earnings and settlement of the £368k liability for the cash settled scheme.

During the year ended 31 December 2020, there was no charge to the statement of profit or loss in relation to these shares (2019: £nil).

The features of the Group's share based schemes were as follows:

2014 Equity plan

The Group entered into arrangements that were equity settled with certain employees. These were measured at fair value at the date of grant, which was then recognised in the statement of comprehensive income on a straight line basis over the vesting period based on the estimated number of shares that would ultimately vest. Fair value was estimated by use of an internal model. The charge was adjusted at each balance sheet date to reflect the actual number of forfeitures, cancellations and leavers during the period as well as the estimated period to vesting. The award was subject to the condition that the employees remained in employment at the date of settlement. All shares were issued at a price of £0.01.

The acquisition of the Worldfirst Group by Ant Group resulted in the vesting of all shares in the scheme for the year ended 31 December 2019.

Details of shares outstanding at the end of the periods are as follows:

Grant date	Outstanding at 31 December 2018	Vested during the year	Outstanding at 31 December 2019	Outstanding at 31 December 2020
Ordinary C				
15-Apr-14	9,500	(9,500)	-	-
31-Oct-14	5,000	(5,000)	-	-
01-Mar-15	6,000	(6,000)	-	-
	20,500	(20,500)	-	-
Ordinary D				
15-Apr-14	5,000	(5,000)	-	-
07-Aug-14	20,000	(20,000)	-	-
31-Oct-14	2,000	(2,000)	-	-
01-Mar-15	8,333	(8,333)	-	-
10-Nov-15	6,250	(6,250)	-	-
	41,583	(41,583)	-	-
Ordinary E				
28-Nov-16	5,650	(5,650)	-	-
	5,650	(5,650)	-	-
Ordinary F				
21-Dec-17	10,100	(10,100)	-	-
20-Apr-18	1,000	(1,000)	-	-
	11,100	(11,100)	-	-
	78,833	**(78,833)**	**-**	**-**

Classes C, D, E and F shares entitled their holders to a dividend payment if the Company has an IPO or a major shareholding re-organisation of at least 50% of the current shareholding. Classes C, D, E and F shares had neither voting rights nor rights to any other dividends or distribution.

2008 Enterprise management incentive (EMI) plan

The Group granted options over its shares to certain employees that expire worthless at the tenth anniversary from the date of grant. These were measured at fair value at the date of grant, which was then recognised in the statement of comprehensive income on a straight line basis over the vesting period based on the Group's estimated number of shares that will ultimately vest. Fair value was estimated by use of an internal model. The charge was adjusted at each balance sheet date to reflect the actual number of forfeitures, cancellations and leavers during the period. The award was subject to the condition that the employees remained in employment at the date of settlement.

The acquisition of the Worldfirst Group by Ant Group resulted in the vesting of all shares in the scheme for the year ended 31 December 2019.

Details of share options outstanding at the end of the periods are as follows:

Grant date	Outstanding at 31 December 2018	Vested during the year	Outstanding at 31 December 2019	Outstanding at 31 December 2020
14-Feb-12	6,000	(6,000)	-	-
	6,000	(6,000)	-	-

Cash settled share based payment plan

The Group had an agreement with an ex-employee that was a cash settled award plan. The Group accounted for the cash settled plan at fair value. A liability was measured and recognised initially and at the end of each reporting period until settled.

The acquisition of the Worldfirst Group by Ant Group resulted in the vesting of the scheme for the year ended 31 December 2019.

The liability arising under this scheme was £nil as at 31 December 2020 (2019: £nil).

Ant Group

Ant Group Co., Ltd, the ultimate holding company of the Group, operates equity settled share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the schemes include the employees of the Group.

Restricted Share Units ("RSU")

Options granted under the scheme are exercisable up to six years from the date of grant. These shares are recognised (i) immediately at the grant date if no vesting conditions are required, or (ii) over the requisite service period for each tranche, net of estimated forfeitures. Vesting of the shares is conditional upon the fulfilment of requisite service conditions to the company. The vesting schedule has two types (i) 50% (after 2 years), 25% (after 3 years), 25% (after 4 years) or (ii) 25% annually.

The weighted average exercise prices of the RSU outstanding at the end of the year is nil per share and their weighted average contractual life is 5.22 years (2019: 5.75 years).

Fair value of restricted share units ("RSU") under the Scheme are determined by a valuation model taking into consideration the fair value of the underlying shares on grant date. The fair value at the grant date of the share options granted is determined by the Binomial model based on the following assumptions: an expected dividend pay-off ratio of nil, an expected option life of six years, an exercise price of zero, a volatility rate based on comparable companies and a risk-free interest rate of 2.34%.

During the year ended 31 December 2020, there was a charge of £3,905k to the statement of profit or loss in relation to these shares (2019: £669k).

Share Economic Interest Rights ("SER")

Hangzhou Junhan Equity Investment Partnership ("Junhan") grants Share Economic Interest Rights ("SER") to employees of the Company. The SER which is similar to share-appreciation awards is linked to the valuation of the ultimate holding company, Ant Group Co. Ltd. The vesting of the SER is conditional upon the fulfilment of requisite service conditions to the Group and with a total period of 4 years. The SER will be settled by Junhan according to the SER plan. Junhan has the right to repurchase the vested awards from the holders upon satisfaction of certain conditions.

The fair value of SER granted is estimated at the grant date using a model similar to the binominal option-valuation model, taking into account the terms and conditions upon which the options and SERs were granted.

The following table lists the inputs to the option pricing model for the year ended 31 December 2020:

SER	
Expected life (in years)	6.00
Expected volatility	23.96%
Risk-free interest rate	2.34%
Expected dividend yield	0%

The expected life of SER is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessary be the actual outcome. No other features of SER were incorporated into the measurement of the fair value.

During the year ended 31 December 2020, there was a charge of £8k (2019: nil) to the statement of profit or loss in relation to these shares.

Stock Appreciation Rights (SAR)

Stock Appreciation Rights ("SAR") are granted to employees of the Company by Ant International. The fair value of SAR at the grant date is based on the fair value of an ordinary share of Ant Group Co. Ltd. The vesting of SAR is conditional upon the fulfilment of requisite service conditions to the Company and SAR will be settled by Ant International according to the SAR plan.

During the year ended 31 December 2020, there was a charge of £116k (2019: nil) to the statement of profit or loss in relation to these shares.

The following table lists the inputs to the option pricing model for the year ended 31 December 2020:

SAR	
Expected life (in years)	6.00
Expected volatility	24.97%
Risk-free interest rate	2.34%
Expected dividend yield	0%

21. Dividends

No dividend was declared for the year ended 31 December 2020 (2019: nil).

22. Related party transactions

As specified in Note 2, the Company has taken advantage of the exemption under FRS 101 and IAS 24 *Related Party Disclosures* not to disclose transactions with wholly owned subsidiaries.

On 13th February 2019, the Company and its subsidiaries were acquired by Alipay (Hong Kong) Holding Limited, an affiliate of Ant Group. Ant Group is the ultimate parent company of the Group.

On 1st August 2020, the Company outsourced activities to World First Services Limited, a subsidiary of Alipay (Hong Kong) Holding Limited. World First Services Limited is an intergroup services entity which provides a range of services to companies within the World First Group and makes use of certain resources of the Company in order to do so.

Income from World First Services Limited represent fees for the provision of resources. Charges from World First Services Limited are subject to contractual arrangements and represent fees for services provided to the Company and its subsidiaries. Charges are split between partial reimbursement of costs and charges linked to profitability. No profitability linked charges were applied during 2020. Charges from other Ant Group companies represent fees for services provided to the Company.

The World First Group's balances with Ant Group companies are shown within amounts due to/from related parties on the Consolidated Balance Sheet. The balances are unsecured, interest free and repayable on-demand. The Company's balances with World First Group subsidiaries are shown on the Company Balance Sheet.

Amounts due from related companies	**As at 31 December 2020 £'000**	**As at 31 December 2019 £'000**
Amounts due from Ant Group companies to World First Group subsidiaries	18	-
Amounts due from World First Group subsidiaries to Parent Company	2,554	189
	2,572	**189**
Amounts due to related companies		
Amounts due from World First Group subsidiaries to Ant Group companies	16,399	7,372
Amounts due from Parent Company to Ant Group companies	3,036	-
Amounts due from Parent Company to World First Group subsidiaries	9,153	18,033
	28,588	**25,405**
Charges from World First Services Limited	(1,099)	-
Charges from other Ant Group companies	(4,678)	-
Income from World First Services Limited	1,575	-

Amounts due to/from related companies have been netted on the Company Balance Sheet in accordance with note 2 i).

The impact of netting on the Company Balance Sheet is shown below.

As at 31 December 2020	**Gross £'000**	**Net Settled £'000**	**Balance Sheet Net £'000**
Current assets			
Amounts due from related companies:			
Amounts due from World First Group subsidiaries to Parent Company	177,284	(174,730)	2,554
	177,284	**(174,730)**	**2,554**
Current liabilities			
Amounts due to related companies:			
Amounts due from Parent Company to World First Group subsidiaries	186,919	(174,730)	12,189
	186,919	**(174,730)**	**12,189**

As at 31 December 2019	**Gross £'000**	**Net Settled £'000**	**Balance Sheet Net £'000**
Current assets			
Amounts due from related companies:			
Amounts due from World First Group subsidiaries to Parent Company	63,927	(63,738)	189
	63,927	**(63,738)**	**189**
Current liabilities			
Amounts due to related companies:			
Amounts due from Parent Company to World First Group subsidiaries	81,771	(63,738)	18,033
	81,771	**(63,738)**	**18,033**

The Group had certain amounts of cash held in accounts managed by other Ant Group Companies in connection with payment processing and settlement services. For the year ended 31 December 2020, £7.7m (2019: £7.4m) was classified as cash and cash equivalents and £1.7m (2019: £0.9m) as a reduction in cash and cash equivalents held for customers on the Consolidated Balance Sheet.

Stichting Derdengelden World First Netherlands B.V. (Foundation entity) holds safeguarded client money on behalf of World First Netherlands B.V. and is therefore a related party. The Foundation entity held £47,641k of client funds as at 31 December 2020 (2019: nil).

Up until the acquisition of the Company by Ant Group, FTV World First LLC ('FTV'), an investment firm, owned 40% of the issued share capital of the Company. Two Directors of the Company were also Directors of FTV.

The remuneration of two key members of the management team is included in the Directors' remuneration in note 4.

23. Non adjusting Post balance sheet events

The shareholders approved €280k of new shares issued by World First Netherlands B.V. on the 27th January 2021. This share issuance was settled in cash from World First UK Limited.

Two share issuances for World First Asia Limited were approved by the shareholders after the balance sheet date. HK$21.2m was approved on the 29th January 2021 and HK$21.7m was approved on the 3rd March 2021. Both were settled as an increase in cash from World First UK Limited.

The shareholders approved the share issuance of £6m that was received as cash on the 26th February 2021 from the Parent company.

World First Asia Pte. Ltd. application to the Monetary Authority of Singapore (MAS) for a Capital Markets Service (CMS) license, enabling it to deal in foreign currency exchange forward contracts, was approved by the MAS in principle in February 2021 with an expectation that final approval will be provided by April 2021.

On the 10th February 2021, it was announced that the Group would be closing its Private Client Business in 2021. The exit will be effective from 10th April 2021 with full closure by 21st April 2021.

The World First Group vision has evolved from providing a transaction service to a more holistic payments platform. Through a common goal to 'make it easy to do business anywhere' the focus now is on building a best in class experience for SMEs and their international payment needs.

Closure of the business is not expected to have a material impact on the Group's performance, and will be offset by the increased focus of resources to drive volumes and revenues through Corporate and eCommerce offerings. The Group has also entered into a partnership referral agreement.

No other significant non-adjusting events have occurred between the reporting date and the date of authorisation.

24. Leases

The Group leases a number of its offices under non-cancellable lease agreements.

Set out below is the carrying amount of right-of-use assets recognised and the movements during the years:

	Group	Company
Leasehold Property	**£'000**	**£'000**
As at 1 January 2019	7,111	2,700
Retranslation adjustment	(151)	-
Additions	972	742
Depreciation expense	(2,083)	(977)
As at 31 December 2019	**5,849**	**2,465**
Retranslation adjustment	17	-
Additions	65	113
Modifications	(274)	(246)
Depreciation expense	(2,184)	(1,058)
As at 31 December 2020	**3,473**	**1,274**

Set out below is the carrying amount of lease liabilities and the movements during the years:

Leasehold Property	**Group £'000**	**Company £'000**
As at 1 January 2019	6,666	2,464
Retranslation adjustment	(183)	-
Additions	904	672
Accretion of interest	217	79
Payments	(2,065)	(989)
As at 31 December 2019	**5,539**	**2,226**
Current	**2,127**	**1,020**
Non-current	**3,412**	**1,206**
Retranslation adjustment	17	-
Additions	65	116
Modifications	(196)	(229)
Accretion of interest	163	52
Payments	(2,241)	(1,108)
As at 31 December 2020	**3,347**	**1,057**
Current	**2,121**	**1,040**
Non-current	**1,226**	**17**

The following are the amounts recognised in profit or loss:

	Group Year ended 31 December 2020 £'000	**Group Year ended 31 December 2019 £'000**	**Company Year ended 31 December 2020 £'000**	**Company Year ended 31 December 2019 £'000**
Depreciation expense on right-of-use assets	2,184	2,115	1,058	977
Interest expense on lease liabilities	163	217	52	79
Expense relating to short-term leases	32	367	32	168
	2,379	**2,699**	**1,142**	**1,224**

There were no leases of low-value assets, leases with residual value guarantees or leases not yet commenced to which the Group is committed.

Interest expense on lease liabilities is disclosed as finance costs in the Statement of Comprehensive Income.

The total cash outflow for leases for the year ending 31 December 2020 is £2.4m (December 2019: £2.4m).

The future minimum payments due under non-cancellable operating leases and subleases were as follows:

	Group	Group	Company	Company
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	£'000	£'000	£'000	£'000
Operating lease payments due:				
Within one year	2,220	2,300	1,049	1,119
In one to five years	1,280	3,555	20	1,242
In more than five years	-	29	-	29
	3,500	**5,884**	**1,069**	**2,390**

A dilapidation provision is made when there is a requirement for dilapidation costs to be met by the Group or Company under the contractual lease terms and conditions.

Lease provisions were as follows:

	Group	Group	Company	Company
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	£'000	£'000	£'000	£'000
Dilapidations				
Current	44	-	22	-
Non-current	459	529	279	328
	503	**529**	**301**	**328**

25. Pension commitments

The Group and Company operate defined contribution pension schemes. The pension cost charge for the year was £1.1m for the Group and £0.5m for the Company (December 2019: Group £1.4m and Company £0.7m). Included on the balance sheet were amounts due to the pension scheme of £1k for the Group and £1k for the Company (December 2019: Group £50k and Company £4k).

26. Contingent liabilities and commitments

The lease agreement of World First Pty Limited contains a lease incentive such that the total rent paid is reduced provided World First Pty Limited does not default on its lease payments. Although the lease incentive can be reliably measured, it is not recognised in the financial statements because a future sacrifice of the economic benefits is not considered probable. The value of the contingent liability as at 31 December 2020 is £74k (December 2019: £95k).

The Company has raised a provision for an uncertain tax position. The contingency remains until the tax position is settled.

The Group does not have any other significant contingent liabilities or commitments apart from the ones disclosed in Note 24 Leases.