

Global Payments UK Holdings 2 Ltd
Annual report and financial statements for
the year ended 31 December 2021

Company number: 06093106



Global Payments UK Holdings 2 Ltd

Contents

	Pages
General information	3
Director's report	4 – 5
Director's responsibility statement	6
Independent auditor's report	7 – 10
Statement of comprehensive income	11
Statement of changes in equity	12
Balance sheet	13 - 14
Statement of cash flows	15 - 16
Notes to the financial statements	17 - 27

Global Payments UK Holdings 2 Ltd

General Information

Registered number: 06093106

Director: David Green

Registered address: Granite House
Granite Way
Syston
Leicester
LE7 1PL

Lawyers: Eversheds LLP/
Eversheds House
70 Great Bridgewater St
Manchester
M1 5ES

Auditor: Deloitte LLP
Statutory Auditor
Four Brindleyplace
Birmingham
United Kingdom
B1 2HZ

Global Payments UK Holdings 2 Ltd

Director's report for the year ended 31 December 2021

The director presents the annual report and the audited financial statements for Global Payments UK Holdings 2 Ltd for the year ended 31 December 2021.

Principal activity

Global Payments UK Holdings 2 Ltd ("the Company") principal activity is investment holding.

Financial position and performance

The Company generates no revenue or operating profit as it is purely an investment holding company. There are loans from intergroup companies transferred in and out which has resulted in USD5,720k of finance income (2020: USD15,074k of finance costs) for the year.

The Company acquired subsidiaries with a total amount of investments cost at USD13,387,401k during 2020. The Company made additional contribution of USD 149,402k to its subsidiary during 2021. They are as detailed in note 9.

Net assets as at 31 December 2021 were USD13,713,223k (2020: USD13,629,812k), as detailed on the balance sheet on page 13.

Going concern basis

Based on the financial position of the company described above, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In forming this judgement, the directors have considered the Company's ability to meet liabilities as they fall due and the effects Covid-19 has had on the business. With regards to Brexit and the Ukraine War, the business continues to operate as normal and has experienced minimal impact. Thus the company continues to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Director

The director, who served throughout the year and up to the report date, was as follows:

David Green

Global Payments UK Holdings 2 Ltd

Director's report for the year ended 31 December 2021

Auditor

The director of the Company at the date of approval of this annual report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies' Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

The director has taken advantage of the small companies' exemption under section 414B of the Companies Act 2006 with regards to the preparation of a Strategic report. As such, no report has been prepared for the year ended 31 December 2021.

Approved and authorised by the board and signed on its behalf



David Green

Director

30 September 2022

Global Payments UK Holdings 2 Ltd

Director's responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website, if any. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Global Payments UK Holdings 2 Ltd

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Global Payments UK Holdings 2 Ltd (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flow;
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law, and United Kingdom adopted international accounting standards.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

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

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

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 our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance

Report on other legal and regulatory requirements

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

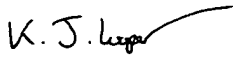
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.



Kieren Cooper, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom
04 October 2022

Global Payments UK Holdings 2 Ltd

Statement of comprehensive income For the year ended 31 December 2021

	Notes	2021 USD 000's	2020 USD 000's
Revenue		-	-
Administrative and other operating expenses		(1)	(81)
Operating gain/(loss)		(1)	(81)
Other income and gain	6	111,040	5,349,587
Finance income/(cost)	7	5,720	(15,074)
Profit before tax		116,759	5,334,432
Income tax credit / (expense)	8	405	(1,097)
Profit for the year and profit attributable to the sole shareholder		117,163	5,333,335
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations, net of tax which is nil		(7,132)	13,431
Total comprehensive income		110,031	5,346,766

There were no other realised gains in the period so no statement of other comprehensive income is being included.

All profits for the year are generated from continuing operations.

The accompanying notes form an integral part of the financial statements.

Global Payments UK Holdings 2 Ltd

Statement of changes in equity For the year ended 31 December 2021

	Share capital USD 000's (Note 12)	Share premium USD 000's	Exchange fluctuation reserves USD 000's	Retained earnings USD 000's	Total USD 000's
As at 1 January 2020	-	-	-	545,661	545,661
Allotment of share premium	-	7,737,385	-	-	7,737,385
Other comprehensive income for the year	-	-	13,431	-	13,431
Profit for the year	-	-	-	5,333,335	5,333,335
As at 31 December 2020 and 1 January 2021	-	7,737,385	13,431	5,878,996	13,629,812
Allotment of share premium	-	51,531	-	-	51,531
Other comprehensive income for the year	-	-	(7,132)	-	(7,132)
Profit for the year	-	-	-	117,163	117,163
Dividend distributed for the year#	-	-	-	(78,152)	(78,152)
As at 31 December 2021	-	7,788,916	6,299	5,918,007	13,713,223

19,538k of dividend per share was distributed for the year (2020: nil)

Global Payments UK Holdings 2 Ltd

Statement of Financial Position As at 31 December 2021

	Note	2021 USD 000's	2020 USD 000's
Non-current assets			
Investments in subsidiaries	9	13,536,803	13,387,401
Investments in an associate	10	249,152	249,152
Intercompany loan receivables from a group company	11	103,286	124,397
		<u>13,889,241</u>	<u>13,760,950</u>
Current assets			
Intercompany receivables from an immediate holding company	11	19,959	13,453
Cash at bank and in hand		38	10
		<u>19,997</u>	<u>13,463</u>
Current liabilities			
Account payables		89	86
Intercompany payables to group companies	11	19,697	17,580
Income tax payables		-	404
		<u>19,785</u>	<u>18,070</u>
Non-Current liabilities			
Intercompany loan payable to a group company	11	138,729	89,029
Intercompany payables to group companies	11	37,500	37,500
		<u>176,229</u>	<u>126,529</u>
Net current assets / (liabilities)		<u>211</u>	<u>(4,607)</u>
Net assets		<u>13,713,223</u>	<u>13,629,812</u>


Global Payments UK Holdings 2 Ltd

Statement of Financial Position As at 31 December 2021

	Note	2021 USD 000's	2020 USD 000's
Shareholder's equity			
Share capital	12	-	-
Reserves		13,713,223	13,629,812
Total shareholder's equity		13,713,223	13,629,812

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the members and authorised for issue on the date below. They were signed on their behalf by:



David Green

Director

30 September 2022

Global Payments UK Holdings 2 Ltd

Statement of cash flows For the year ended 31 December 2021

	Notes	2021 USD 000's	2020 USD 000's
Operating activities			
Profit before tax		116,759	5,334,432
Distribution received	6	-	(5,325,028)
Dividend received	6	(111,011)	(24,559)
Interest income	7	(5,720)	-
Interest expenses	7	-	15,074
		<hr/>	<hr/>
Operating profit/(loss) before working capital changes		28	(81)
Increase in account payables		1	87
Decrease in intercompany balances with group companies		13,637	30,088
Increase in intercompany balances with immediate holding company		(6,506)	(13,453)
		<hr/>	<hr/>
Net cash generated from operating activities		7,160	16,641
Investing activities			
Dividend received		27,768	20,350
Interest income received		21,816	-
Contribution to subsidiary		(41,960)	-
Advance to a group company		-	(124,397)
		<hr/>	<hr/>
Net cash generated from/(used in) investing activities		7,624	(104,047)

Global Payments UK Holdings 2 Ltd

Statement of cash flows For the year ended 31 December 2021

	2021 USD 000's	2020 USD 000's
Financing activities		
Dividend paid	(7,624)	-
Interest paid	-	(15,074)
Advance to a group company	-	89,029
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(7,624)	73,955
Net increase/(decrease) in cash and cash equivalent	7,160	(13,451)
Effect of movements in exchange rate	(7,132)	13,431
Cash and Cash equivalents at beginning of the year	10	30
	<hr/>	<hr/>
Cash and Cash equivalents at the end of the year	38	10
	<hr/>	<hr/>

Global Payments UK Holdings 2 Ltd

Notes to the financial statements 31 December 2021

1. General information

Global Payments UK Holdings 2 Ltd is a private company limited by shares and incorporated in the United Kingdom and Registered in England and Wales under the Companies Act 2006. The address of the registered office is given on page 3. The principal activities of the Company are given in the Director Report.

The company's immediate parent undertaking is Global Payments UK Holdings 1 Ltd, incorporated in the UK. The ultimate controlling party is Global Payments Inc. which indirectly controls 100% of the shares of the Company.

These financial statements are presented in United States Dollars because that is the currency of the primary economic environment in which the Company operates.

2. Basis of presentation

The Company's financial statements have been prepared in accordance United Kingdom adopted international accounting standards, IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the historical cost basis. All amounts are rounded to the nearest thousand unless otherwise stated. They have been prepared under the historical cost convention and are presented in USD.

The application of the Amendments to IFRSs in the current year had no material impact on the Company's financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. Consolidated financial statements have not been prepared as the Company is a wholly-owned subsidiary of Global Payments Inc. Copies of the consolidated financial statements for Global Payments Inc. can be obtained from the Investor Relations page at www.globalpaymentsinc.com.

3. Significant accounting policies

The principal accounting policies adopted are set out below.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Director Report.

The director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In forming this judgement, the directors have considered the Company's ability to meet liabilities as they fall due and the effects Covid-19 has had on the business. With regards to Brexit and the Ukraine War, the business continues to operate as normal and has experienced minimal impact. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Global Payments UK Holdings 2 Ltd

Notes to the financial statements 31 December 2021

3. Significant accounting policies (cont'd)

Investments in subsidiaries

Investments are held at historical cost less any provision required for impairments.

Investments in an associate

Investments are held at historical cost less any provision required for impairments.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value, except for intercompany balances that do not have a significant financing component which are measured at transaction price.

Financial assets

The company entity shall disclose by class of financial instrument the amount that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements.

All recognised financial assets are measured subsequently in their entirety at amortised cost.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is 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

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

Amortised cost is the initial amount, less repayments of principal, less reduction for impairment.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the other income.

Global Payments UK Holdings 2 Ltd

Notes to the financial statements

31 December 2021

3. Significant accounting policies (cont'd)

Impairment of Financial Assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and intercompany loan and receivables. The amount of expected credit losses (ECL) is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Impairment of Non-Financial Assets

Non-financial assets that have indefinite useful lives are not subject to amortisation. They are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and, in any case, at least annually. Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units (CGUs)). Goodwill arising from a business combination is allocated to CGUs that are expected to benefit from the synergies of the combination. An impairment loss is recognised for the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. The recoverable amount is the higher of the fair value of an asset or a CGU less costs of disposal and its value in use. An impairment loss recognised in prior years for an asset other than goodwill shall be reversed if, and only if, there is a favourable change in the estimates used to determine the recoverable amount of an asset. A reversal of the impairment loss is limited to the asset's carrying amount (net of accumulated amortisation or depreciation) that would have been determined had no impairment loss been recognised in prior years.

Global Payments UK Holdings 2 Ltd

Notes to the financial statements

31 December 2021

3. Significant accounting policies (cont'd)

Financial liabilities

Debt is classified as financial liabilities in accordance with the substance of the contractual arrangements and the definitions of a financial liability. All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Interest and all other costs of the funding are expensed to the income statement as interest payable over the term of the borrowing. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest expense is recognised in profit or loss and is included in the finance cost.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash at bank and in hand

Cash at bank and in hand in the statement of financial position that is subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents include cash at bank and in hand.

Other income

Dividend income and liquidation proceeds are recognised when it is declared and approved. It represents dividend income and liquidation proceeds received or to be received from group companies.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the director is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The director has deemed there to be no significant judgements or key sources of estimation uncertainty.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations and on foreign currency borrowings, to the extent that they hedge the Group's investment in such operations, are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

Global Payments UK Holdings 2 Ltd

Notes to the financial statements

31 December 2021

4. Auditor's remuneration

Auditor's remuneration relating to auditing of this financial statements amounted to USD11,173 (2020: USD10,270) for the period. All auditor's remuneration is borne by GPUK LLP, a related company, and not recharged.

No (2020: nil) non-audited service is borne during the year.

5. Employees and directors

The Company had no (2020: nil) employees during the period.

The Company did not (2020: nil) incur any employee and director expenses during the year.

Directors' remuneration

None of the directors received any emoluments in respect of their services provided to the Company during the year (2020: nil).

6. Other income and gain

	2021 USD 000's	2020 USD 000's
Dividends received from Lux 6	79,099	20,350
Dividends received from GPAC HK Holdings Ltd	10,899	4,209
Dividends received from GPAC 3 LLC	21,013	-
Liquidation proceeds from Lux 7	-	5,325,028
Bank interest income	29	-
	<u>111,040</u>	<u>5,349,587</u>

7. Finance income/(cost)

	2021 USD 000's	2020 USD 000's
Interest expense on loan from fellow subsidiaries (note 13)	(154)	(27,651)
Interest income on loan to group companies (note 13)	5,874	12,577
	<u>5,720</u>	<u>(15,074)</u>

Global Payments UK Holdings 2 Ltd

Notes to the financial statements 31 December 2021

8. Income tax

An analysis of the Company's income tax is as follows:

	2021 USD 000's	2020 USD 000's
Current tax on income for the year	-	1,097
Adjustment in respect of prior years	(405)	-
	<u>(405)</u>	<u>1,097</u>

Notes:

- (a) United Kingdom profits tax has been provided at the rate of 19% on the estimated assessable profits arising in United Kingdom during the year.
- (b) A reconciliation of the tax expense applicable to profit before tax using the statutory tax rate to the tax expense is as follows:

	2021 USD 000's	2020 USD 000's
Profit before tax	<u>116,759</u>	<u>5,334,432</u>
Tax expense at the statutory tax rate of 19%	22,184	1,013,542
Liquidation proceeds not taxable	-	(1,011,755)
Dividend income not taxable	(21,092)	(4,666)
Group relief of tax losses for no consideration	(1,092)	2,879
Adjustment in respect of prior years	(405)	-
Withholding tax suffered	-	1,097
Tax expense	<u>(405)</u>	<u>1,097</u>

Factors that may affect future current and total tax charges

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) has been substantively enacted. There is no impact on the current and deferred tax assets and liabilities in these accounts.

On 23 September 2022, the government announced their intention to cancel the increase of the UK corporation tax rate to 25% from 1 April 2023.

Global Payments UK Holdings 2 Ltd

Notes to the financial statements 31 December 2021

9. Investments in subsidiaries

	2021 USD 000's	2020 USD 000's
Investments, at cost	13,536,803	13,387,401

Particulars of the subsidiaries as at the end of the reporting period are as follows:

Name	Registered office	Percentage of ordinary shares directly held by the Company	Principal activities
GLOBAL PAYMENTS ACQUISITION CORPORATION 6 S.A.R.L.	17, Boulevard F.W. Raiffeisen L-2411 Luxembourg	100%	Investment holding
GPAC 3 LLC	3550 Lenox Rd., Suite 3000, Atlanta, GA 30326	100%	Investment holding
GP American Holding LLC	3550 Lenox Rd., Suite 3000, Atlanta, GA 30326	100%	Investment holding

In 2021, the Company made in total of USD 149,402,000 additional contributions to GPAC 3 LLC.

10. Investments in an associate

	2021 USD 000's	2020 USD 000's
Investments, at cost	249,152	249,152

Particulars of the associate as at the end of the reporting period are as follows:

Name	Registered office	Percentage of ownership interest	Principal activities
GPAC HK Holding Limited	14th Floor, One Taikoo Place, 979 Kings Road, Quarry Bay, Hong Kong	8.99%	Investment holding

Global Payments UK Holdings 2 Ltd

Notes to the financial statements 31 December 2021

11. Balance with intercompany

The balance with intercompany receivable is non-interest bearing except the intercompany company loan receivable and payable from group companies which are interest bearing, repayable in one year and unsecured.

12. Share capital

	2021 USD	2020 USD
Issued and fully paid:		
4 (2020: 3) ordinary shares of USD1.25 (2020: USD 1) each	5	3

The Company has one class of ordinary shares which carry no right to a fixed dividend.

At the balance sheet date, all shares were issued to Global Payments UK Holdings 1 Ltd.

13. Related party transactions

(a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following material transactions with related parties during the year:

	Interest received 2021 USD 000's	Interest paid 2021 USD 000's	Amounts owed to related parties 2021 USD 000's	Amounts owed by related parties 2021 USD 000's
Fellow subsidiaries:				
Global Technology UK 2	-	154	138,914	-
Global Payments Australia 1 Pty Ltd	5,874	-	1,964	103,286
Global Payments Direct Inc	-	-	37,500	-
Global Payments Acquisition Corporation 6 S.A.R.L.	-	-	17,548	-
Immediate holding:				
Global Payments UK Holdings 1 Ltd	-	-	-	19,959

Global Payments UK Holdings 2 Ltd

Notes to the financial statements 31 December 2021

13. Related party transactions (continued)

(a) (continued)

	Interest received 2020 USD 000's	Interest paid 2020 USD 000's	Amounts owed to related parties 2020 USD 000's	Amounts owed by related parties 2020 USD 000's
Associate:				
Global Payments Acquisition Corporation HK Holding Ltd.	-	-	-	27,651
Fellow subsidiaries:				
Global Technology UK 2	-	32	89,061	-
Global Payments Australia 1 Pty Ltd	5,942	-	-	124,397
Global Payments Direct Inc	61	-	-	-
Global Payments Check Recovery Services Inc	51	-	37,500	-
Global Payments Acquisition Corporation 6 S.A.R.L.	-	-	17,548	-
Global Payments Acquisition Corporation 7 S.A.R.L.	6,555	-	-	-
Immediate holding:				
Global Payments UK Holdings 1 Ltd	-	-	-	13,453

The interest income/expense received therefrom and paid to arise from loans between fellow subsidiaries (2020: an associate and fellow subsidiaries) with mutually agreed terms.

(b) Other transactions with related parties

Other than the balances with intercompany as disclosed in notes 10 to the financial statements, the Company had no outstanding balances with related parties as at the end of the reporting period.

14. Ultimate parent undertaking and controlling party

At both the balance sheet date and the date of approval of these financial statements, the immediate parent company and controlling party is Global Payments UK Holdings 1 Ltd. The ultimate parent undertaking is Global Payments Inc., a group incorporated in the United States of America.

The parent undertaking of the largest group in which the Group is consolidated is Global Payments Inc. Copies of the consolidated financial statements for Global Payments Inc. can be obtained from the Investor Relations page at www.globalpaymentsinc.com.

Global Payments UK Holdings 2 Ltd

Notes to the financial statements 31 December 2021

15. Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from prior year.

The capital structure of the Company consists of investments and intercompany balance which disclosed in note 9, 10 and 11, bank balances and cash and equity of the Company, comprising issued share capital, share premium, exchange fluctuation reserves and retained earnings.

16. Financial Instruments

16a. Financial risk management objectives and policies

The Company's major financial instruments include bank balances and cash and intergroup receivables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Company's balance sheet as at 31 December 2021 primarily comprises assets and liabilities denominated in United States Dollars, except below, and, as such, it is not exposed significantly to currency risk. The Company currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The carrying amount of the Company's foreign currency denominated monetary assets at the reporting date are as follows:

	2021 USD 000's	2020 USD 000's
Foreign currency	103,286	124,397

The amount represents a loan granted to Global Payments Australia 1 Pty Ltd denominated in AUD.

Global Payments UK Holdings 2 Ltd

Notes to the financial statements 31 December 2021

16. Financial Instruments (continued)

Interest rate risk

The Company's exposure to interest rate risk relates principally to the Company's short term and long term inter-group borrowings. The Company mitigates the risk by monitoring closely the movements in interest rates.

Credit risk

The Company shall disclose by class of financial instrument the amount that best represents its maximum exposure to credit risk at the end of the reporting period without taking account of any collateral held or other credit enhancements.

The credit risk on the Company's bank balance and intercompany receivables is limited because the Company had not encountered significant difficulties in collecting from these companies in the past and are not aware of any financial difficulties being experienced by these companies.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management of the Company which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate bank balances and reserves.

16b. Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The director consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

17. Events after balance sheet

There have been no transactions or events of a material and unusual nature between the end of the reporting period and the date of the report likely, in the opinion of the director of the Company, to affect significantly the operations of the Company, the results of those operations, or state of affairs of the Group in future years.