

Registered number: 06257540

RETAIL MERCHANT GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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RETAIL MERCHANT GROUP LIMITED

COMPANY INFORMATION

| | |
|---------------------|--|
| Directors | Mr K O'Keefe Mr J Nicholls |
| Registered number | 06257540 |
| Registered office | Matrix House North Fourth Street MILTON KEYNES MK9 1NJ |
| Independent auditor | Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Victoria House 199 Avebury Avenue MILTON KEYNES MK9 1AU |
| Bankers | Natwest Bank PLC Victoria Street GRIMSBY DN31 1GA |

RETAIL MERCHANT GROUP LIMITED

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RETAIL MERCHANT GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Introduction

The directors present their Strategic Report for the year ended 31 December 2020.

Principal activities and business review

The principal activity of the company during the year was that of a holding company.

The Company wholly owns Retail Merchant Services Limited and Retail Merchant Finance Limited. The group was purchased by Technology Crossover Ventures (TCV) in February 2017, who have put a large amount of structural investment into the business in order to assist with growth.

Annual turnover remains £Nil (2019: £Nil). The directors are satisfied with the annual results.

Principal risks and uncertainties

The principal risks to the business arise from competition, recruitment and retention of key people, technological changes and regulatory changes.

Competition

We are at risk from competitors who offer the same service. To mitigate this risk we ensure that we recruit experienced staff and offer a competitive package to our customers.

We continue to invest in technology to be able to offer customers further supplementary products that look to make our customers lives easier.

Technological changes

The market the company operates in is relatively mature but new payment technologies are being developed continually. The risk to the company is that we do not understand and anticipate changes occurring and are caught out by not having "state of the art" devices for our customers. To mitigate this risk we have a dedicated team who work with the industry to identify potential changes and continually keep the board informed of the risks and options available to us.

Regulatory changes

The industry is significantly regulated although our business is not. We continue to monitor the direction of travel of regulations and anticipate where changes might occur. We continue to improve our process order systems to ensure readiness should any regulatory change occur.

Key performance indicators

Financial key performance indicators

The directors manage the ongoing performance of the business by reviewing key financial performance indicators for Retail Merchant Services Limited and Retail Merchant Finance Limited. There are no such financial key performance indicators for Retail Merchant Group Limited, as the principal activity is purely that of a holding company.

Other key performance indicators

The directors also measure the importance of staff and customer retention.

Future outlook

The group will continue to develop and invest in new technologies and services to drive the growth and efficiency of the business and create additional opportunities with both new and existing customers.

RETAIL MERCHANT GROUP LIMITED

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

Going Concern and Covid-19 Risk

The uncertainty as to the future impact on the company of the COVID-19 outbreak has been considered as part of the company's adoption of the going concern basis.

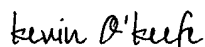
Throughout 2020 there were various restrictions implemented across the UK, with the first lockdown starting 23 March and non-essential shops not re-opening until 15 June. Localised lockdowns were then introduced from 4 July whilst other restrictions were being eased such as the re-opening of businesses including pubs, restaurants and hairdressers. Eat out to help out initiatives started from 3 August and resulted in a sharp increase in card transactions with revenues increasing until a second lockdown was enforced on 5 November, with this lockdown lasting until 2 December 2020 and tier 4 social restrictions continuing on over the Christmas period.

In response to the Covid-19 pandemic the company continues to closely monitor the constantly changing risk of the situation. During the year, we took prudent action to safeguard our liquidity whilst continuing to meet the needs of our customers and other stakeholders. Our response was coordinated through the management team working with representatives from across all business areas as well as regular communication with the directors. The key risks to our operations included: the impact on our colleagues; disruption to our supply chain through restrictions of movement; the temporary closure of a proportion of our merchant customer base as a result of lockdown restrictions; higher churn in our customer base due to merchants becoming insolvent as a result of being unable to trade.

The company took a number of steps to ensure both the health and safety of the employees and the mitigation of any adverse financial impacts from the loss of revenues. Given the UK Government advice on social distancing, the entire company workforce has been able to work remotely through a secure VPN to minimise the risk of a failure in our internal control environment. During this period where employees are working remotely, the company has increased the cadence of communication with staff to regular conference calls, to ensure continued engagement of the workforce. In order to mitigate, where possible, the adverse financial impacts from the lockdown the company took a number of actions. These have included taking advantage of the HMRC Coronavirus Job Retention Scheme in 2020, the consolidation of all operations into our central Milton Keynes Head Office and closure of our regional offices as well as the implementation of a cost reduction exercise that included a temporary freezing of new hires along with a review of headcount across the business.

During 2021, as restrictions were gradually eased with the full lifting of all lockdown restrictions from 19th July 2021, the company has continued to experience growth both in terms of revenue and profitability, whilst also continuing to invest in technology capabilities and the commitment to making our customers lives easier. On this basis, the company has completed the 2020 statutory accounts on a going concern basis.

This report was approved by the board on 28 October 2021 and signed on its behalf.



Mr K O'Keefe
Director

RETAIL MERCHANT GROUP LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

Directors

The directors who served during the year were:

Mr K O'Keefe
Mr J Nicholls

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 year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

RETAIL MERCHANT GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Disclosure of information to auditor

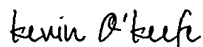
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 October 2021 and signed on its behalf.



Mr K O'Keefe
Director

RETAIL MERCHANT GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETAIL MERCHANT GROUP LIMITED

Opinion

We have audited the financial statements of Retail Merchant Group Limited (the 'company') for the year ended 31 December 2020, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 company 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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Directors' responsibilities statement' section of this report.

RETAIL MERCHANT GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETAIL MERCHANT GROUP LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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.

Matter on which we are required to report under the Companies Act 2006

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 material misstatements in the directors' report.

Matters on which we are required to report by exception

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 company, 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 financial statements does not qualify for strategic report disclosure.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 3 and 4, 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.

RETAIL MERCHANT GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETAIL MERCHANT GROUP LIMITED

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting frameworks (FRS 102 and Companies Act 2006).
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We enquired of management and those charged with governance, concerning the Company's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations; and
 - the detection and response to the risks of fraud.
- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We corroborated the results of our enquiries to relevant supporting documentation.
- Audit procedures performed by the engagement team included:
 - evaluation of the processes and controls established to address the risks related to irregularities and fraud;
 - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
 - identifying and testing related party transactions.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the client operates;
 - understanding of the legal and regulatory requirements specific to the Company including:
 - the provisions of the applicable legislation;
 - the applicable statutory provisions.

RETAIL MERCHANT GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETAIL MERCHANT GROUP LIMITED

- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Company's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the applicable statutory provisions;
 - the Company's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the Company's compliance with regulatory requirements.

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.

Grant Thornton UK LLP

Mitesh Tanna ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Audit, Chartered Accountants
Milton Keynes

28 October 2021

RETAIL MERCHANT GROUP LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2020**

| | Note | 2020 £ | 2019 £ |
|--|------|---------------------------|---------------------------|
| Administrative expenses | | (2,015) | (2,128) |
| Gain from changes in fair value of fixed asset investments | | - | 200 |
| Operating loss | | <u>(2,015)</u> | <u>(1,928)</u> |
| Tax on loss | 6 | <u>383</u> | <u>404</u> |
| Loss after tax | | <u><u>(1,632)</u></u> | <u><u>(1,524)</u></u> |
| Retained earnings at the beginning of the year | | (3,809,394) | (3,807,870) |
| Loss for the year | | <u>(1,632)</u> | <u>(1,524)</u> |
| Retained earnings at the end of the year | | <u><u>(3,811,026)</u></u> | <u><u>(3,809,394)</u></u> |
| The notes on pages 11 to 19 form part of these financial statements. | | | |

RETAIL MERCHANT GROUP LIMITED
REGISTERED NUMBER:06257540

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

| | Note | 2020 £ | 2019 £ |
|--|------|--------------------|--------------------|
| Fixed assets | | | |
| Investments | 7 | 200 | 200 |
| | | <u>200</u> | <u>200</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 8 | 2,936,410 | 2,936,431 |
| Cash at bank and in hand | 9 | 7,995 | 8,078 |
| | | <u>2,944,405</u> | <u>2,944,509</u> |
| Creditors: amounts falling due within one year | 10 | (3,955,631) | (3,954,103) |
| Net current liabilities | | <u>(1,011,226)</u> | <u>(1,009,594)</u> |
| Total assets less current liabilities | | <u>(1,011,026)</u> | <u>(1,009,394)</u> |
| Net liabilities | | <u>(1,011,026)</u> | <u>(1,009,394)</u> |
| Capital and reserves | | | |
| Called up share capital | 13 | 2,800,000 | 2,800,000 |
| Profit and loss account | 12 | (3,811,026) | (3,809,394) |
| | | <u>(1,011,026)</u> | <u>(1,009,394)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 October 2021.

Kevin O'Keefe

Mr K O'Keefe
 Director

The notes on pages 11 to 19 form part of these financial statements.

RETAIL MERCHANT GROUP LIMITED

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

1. General information

Retail Merchant Group Limited is a private company limited by shares & incorporated in England and Wales. Its registered head office is located at Matrix House, 2 North Fourth Street, Milton Keynes, MK9 1NJ.

The principal activity of the company during the year was that of a holding company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£)

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of RMS Holdco Limited as at 31 December 2020 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

RETAIL MERCHANT GROUP LIMITED

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

2. Accounting policies (continued)

2.3 Going concern

The directors have considered the company's, net current liability position of £1.0m and notwithstanding the £1.6k loss for the year (2019: £1.5k), made appropriate enquiries of other group companies and reviewing forecasts of future group trading levels and cash flows covering at least 12 months from the date of these accounts, taking into account the group banking facilities currently available and expected to be available to the group. A letter of support has also been received from Retail Merchant Finance Ltd, a child entity of Retail Merchant Group Ltd.

On this basis, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the company has sufficient resources to continue in operation for the foreseeable future. For this reason, the directors consider the adoption of the going concern basis in preparing the financial statements is appropriate.

2.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

RETAIL MERCHANT GROUP LIMITED

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

2. Accounting policies (continued)**2.7 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Income and Retained Earnings at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

RETAIL MERCHANT GROUP LIMITED

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

2. Accounting policies (continued)

2.10 Finance costs

Finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 Taxation

Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance.

4. Auditor's remuneration

| | 2020 £ | 2019 £ |
|---|--------------|--------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts | <u>2,000</u> | <u>2,000</u> |

RETAIL MERCHANT GROUP LIMITED

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

5. Employees

Staff costs were as follows:

The Company has no employees other than the directors, who did not receive any remuneration (2019 - £NIL).

The average monthly number of employees for the Company, including the directors, during the year was as follows:

| 2020 No. | 2019 No. |
|-------------|-------------|
| <u>0</u> | <u>0</u> |

6. Taxation

| | 2020 £ | 2019 £ |
|--|--------------|--------------|
| Corporation tax | | |
| Current tax on profits for the year | (383) | (404) |
| Total current tax | <u>(383)</u> | <u>(404)</u> |
| Deferred tax | | |
| Total deferred tax | <u>-</u> | <u>-</u> |
| Taxation on loss on ordinary activities | <u>(383)</u> | <u>(404)</u> |

RETAIL MERCHANT GROUP LIMITED

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

6. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2019 - the same as) the standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below:

| | 2020 £ | 2019 £ |
|--|--------------|--------------|
| Loss on ordinary activities before tax | (2,015) | (1,928) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%) | (383) | (366) |
| Effects of: | | |
| Income not taxable for tax purposes | - | (38) |
| Total tax charge for the year | (383) | (404) |

Factors that may affect future tax charges

The government announced in their budget held on 3 March 2021, that the corporate tax rate applicative from 1 April 2021 is to remain at 19%. This budget set out plans to increase the corporation tax rate to 25%, but will not take effect until 2023. This change in the corporate tax should not have a material future effect on the deferred tax balances recognised in these financial statements.

7. Fixed asset investments

| | Investments in subsidiary companies £ |
|--------------------------|---|
| Cost or valuation | |
| At 1 January 2020 | 200 |
| At 31 December 2020 | 200 |

RETAIL MERCHANT GROUP LIMITED

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

7. Fixed asset investments (continued)**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

| Name | Principal activity | Class of shares | Holding |
|----------------------------------|--|------------------------|----------------|
| Retail Merchant Services Limited | The provision of membership | Ordinary | 100% |
| Retail Merchant Finance Limited | The provision of credit and debit card processing services | Ordinary | 100% |

8. Debtors

| | 2020 £ | 2019 £ |
|------------------------------------|-------------------------|-------------------------|
| Amounts owed by group undertakings | 2,936,027 | 2,936,027 |
| Corporation Tax | 383 | 404 |
| | <u>2,936,410</u> | <u>2,936,431</u> |

An impairment charge of £Nil (2019: Nil) was recognised against trade debtors.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

9. Cash and cash equivalents

| | 2020 £ | 2019 £ |
|--------------------------|-------------------|-------------------|
| Cash at bank and in hand | 7,995 | 8,078 |

RETAIL MERCHANT GROUP LIMITED

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

10. Creditors: Amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|------------------|------------------|
| Amounts owed to group undertakings | 3,953,631 | 3,952,103 |
| Accruals and deferred income | 2,000 | 2,000 |
| | <u>3,955,631</u> | <u>3,954,103</u> |

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

11. Financial instruments

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| Financial assets measured at amortised cost | | |
| Cash | 7,995 | 8,078 |
| Amounts owed by group undertakings | 2,936,027 | 2,936,027 |
| Other debtors | 383 | 404 |
| | <u>2,944,405</u> | <u>2,944,509</u> |

Financial Liabilities measured at amortised cost

| | | |
|------------------------------------|------------------|------------------|
| Amounts owed to group undertakings | <u>3,953,631</u> | <u>3,952,103</u> |
|------------------------------------|------------------|------------------|

12. Reserves**Profit & loss account**

Includes all current and prior period retained profit and losses

13. Share capital

| | 2020 £ | 2019 £ |
|--|------------------|------------------|
| Authorised, allotted, called up and fully paid | | |
| 2,800,000 (2019 - 2,800,000) Ordinary shares of £1.00 each | <u>2,800,000</u> | <u>2,800,000</u> |

RETAIL MERCHANT GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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14. Related party transactions

As a qualifying entity, the Company has taken advantage of the disclosure exemptions of FRS 102 section 1.

The Company is wholly owned by RMS Holdco Limited. Details of key management personnel compensation are included within the financial statements of RMS Holdco Limited as at 31 December 2020, these may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

15. Controlling party

The company is wholly owned by RMS Holdco Limited.

At 31 December 2020, its controlling related party was TCV IX, L.P., an exempted limited partnership incorporated in the Cayman Islands.