WEPAY PAYMENTS LTD.
(Registered Number: 09135633)

Annual report for the year ended 31 December 2021

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Contents

WEPAY PAYMENTS LTD.
Directors' report

The directors present their annual report and the audited financial statements of WePay Payments LTD. (the "Company") for the year ended 31 December 2021.The Company is part of JPMorgan Chase & Co. (together with its subsidiaries, the "Firm" or "JPMorgan Chase"). The registered number of the Company is 09135633.

Overview

The Company is incorporated in England and Wales. It is an indirect subsidiary of JPMorgan Chase Bank, National Association ("JPMorgan Chase Bank, N.A."), a national banking association in the United States of America ("U.S.") and a principal subsidiary of JPMorgan Chase & Co. ("JPMorgan Chase" or the "Firm"). JPMorgan Chase is a financial holding company incorporated under Delaware law in 18 September 1968, it is a leading global financial services firm and one of the largest banking institutions in the U.S., with operations worldwide. The Company had £18.4 million in assets and £18 million in total equity as of 31 December 2021.

Adoption of new financial reporting standards

The Company has adopted FRS 101 "Reduced Disclosure Framework" ("FRS 101"), with a transition date of 1 January 2020. FRS 101 applies the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom with reduced disclosures.

Unless otherwise stated, all amounts in these financial statements are reported in accordance with FRS 101, and the terms FRS 101 and UK GAAP are used interchangeably. There was no impact on the Company's balance sheet and income statement as a result of adopting FRS 101.

Review of business

The directors are satisfied with the performance of the Company with core businesses performing in line with expectations.

The Company's core business of providing payment processing services to platform businesses performed as expected in 2021. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence, and as the Company had over £18 million of capital, the directors will continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Key Performance Indicators ("KPIs")

The results are monitored against expectations of the business activities. The directors monitor progress on the performance of the Company using various metrics. The primary KPIs are set out below:

Financial Performance	2021	2020
	£	£
Income Statement		
Loss for the financial year	(389,806)	(297,496)
Balance Sheet		
Total assets	18,434,951	18,809,860
Total value of transactions processed	11,508,854	13,951,805

Results and dividends

Income Statement:

The results for the year are set out on page 7 and show the Company's loss for the financial year is £389,806 (2020: loss of £297,496). No dividend was paid or proposed during the year (2020: £nil).

Balance sheet:

The balance sheet is set out on page 8. The Company has total assets and total liabilities of £18,434,951 (2020: £18,809,860) and £429,919 (2020: £415,022) respectively as at 31 December 2021.

Future outlook

The Company's outlook for the full 2022 year should be viewed against the backdrop of the global economy, financial markets activity, the geopolitical environment, the competitive environment, client activity levels and regulatory and legislative developments in the countries where the Company does business. Each of these inter-related factors will affect the performance of the Company and its line of business ("LOB").

Ukraine-Russia crisis

The Company continues to assess the potential broader impacts of the Russian invasion of Ukraine and related sanctions on the global economy, financial markets, and specific industry and economic sectors, including potential recessionary and inflationary pressures and implications for global energy markets and supply chains.

The Firm has engaged and continues to engage with regulators and industry groups to analyse and implement procedures to comply with financial and economic sanctions imposed on Russian entities and individuals in line with applicable sanctions.

The Firm is also focused on risks related to the increased potential for cyber-attacks that may be conducted in retaliation for the sanctions imposed on Russia, and has instituted additional precautionary measures to address these risks and procedures to expedite the remediation of any high risk vulnerabilities as they are identified.

COVID-19

The Company continues to monitor the Coronavirus Disease 2019 ("COVID-19"), based on the guidance being provided by the relevant health and government authorities, and continues to implement protocols and processes in response to the spread of the virus. The Company does not currently anticipate a significant reduction in its capital and liquidity positions over the coming year as a result of COVID-19.

Principal risks and uncertainties

The Board of Directors monitors the Company's financial and operational risks and has responsibility for ensuring effective risk management and control.

Capital risk is the risk that the Company has an insufficient level and composition of capital to support the Company's business activities, and associated risks during normal economic environments and stressed conditions. The Company evaluates the sufficiency and composition of capital regularly. In addition, the Company meets the requirements of the FCA Handbook COND (Threshold Conditions) Section 2.4, holding appropriate resources in relation to its regulated activity.

Further details on financial risk management are set out in note 15 to the financial statements.

Directors

The directors of the Company who served during the year and up to the date of signing the financial statements were as follows:

Matthew Floate	
Dara Quinn	
Clive Michael Lennon	(appointed 24 April 2022)
William Dominick Clerico	(resigned 2 January 2021)

Directors' interest

None of the directors have any beneficial interest in the Company. The Company is a subsidiary of a Company incorporated outside England and Wales. The ultimate holding Company is a body corporate incorporated outside England and Wales. The directors are not required to notify the Company of any interests in shares of that or any other body incorporated outside England and Wales.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). 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 the year, and that they provide the information necessary for members to assess the Company's position and performance, business model and strategy.

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

• select suitable accounting policies and then apply them consistently;

• state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;

• make judgements and accounting estimates that are reasonable and prudent; and .

• 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 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 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.

Directors' confirmations

Directors consider the Annual Report and financial statements, taken as a whole, to give a true and fair view of the assets, liabilities, financial position and profit of the Company.

In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Qualifying third party indemnity provision

An indemnity is provided to the directors of the Company under the By-laws of JPMorgan Chase & Co. against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnity was in force during the financial year and also at the date of approval of the financial statements. A copy of the by-laws of JPMorgan Chase & Co. is available at the registered office address of the Company.

Company secretary

The secretaries of the Company who served during the year were as follows:

Hina Patel

J.P. Morgan Secretaries (UK) Limited

Registered address

25 Bank Street
Canary Wharf
London E14 5JP
England

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office.

Strategic report exemption

No strategic report has been presented as permitted by section 414B (a) of the Companies Act 2006.

On behalf of the Board

Matthew Floate

Director

Date: 28 September 2022

Independent auditors' report to the members of WePay Payments Ltd.

Report on the audit of the financial statements

Opinion

In our opinion, WePay Payments Ltd.'s financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance sheet as at 31 December 2021; the Income Statement, the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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..

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Financial Conduct Authority (FCA), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Identifying and testing journal entries, in particular any journal entries posted by senior management;
- Review of key correspondence with regulatory authorities (the FCA) in relation to compliance and regulatory proceedings, and inspection of relevant regulatory board minutes;
- Discussions with management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulations and fraud; and
- Incorporating unpredictability into the nature, timing and /or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- 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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Sarah Hayman

Sarah Hayman (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 September 2022

WEPAY PAYMENTS LTD.
Income Statement

Year ended 31 December	Note	2021	2020
		£	£
Operating income	5	166,705	189,618
Administrative expenses	6	(556,511)	(488,406)
Operating loss		**(389,806)**	**(298,788)**
Interest receivable and similar income	8	—	1,292
Loss on ordinary activities before taxation		**(389,806)**	**(297,496)**
Tax on loss on ordinary activities	9	—	—
Loss for the financial year		**(389,806)**	**(297,496)**

Statement of comprehensive income

There were no other items of comprehensive income or expense other than the loss and profit for the financial year shown above (2020: £nil). As a result, loss for the financial year represents total comprehensive income respectively in the current and prior financial year.

The notes on pages 10 - 15 form an integral part of these financial statements.

WEPAY PAYMENTS LTD.
Balance sheet

As at 31 December	Note	2021 £	2020 £
Current assets			
Debtors	10	27,072	45,292
Cash and cash equivalents	11	18,407,879	18,764,568
		18,434,951	**18,809,860**
Creditors: amounts falling due within one year	12	(429,919)	(415,022)
Net current assets		**18,005,032**	**18,394,838**
Net assets		**18,005,032**	**18,394,838**
Equity			
Called up share capital	14	1	1
Capital redemption reserve		19,500,000	19,500,000
Retained earnings		(1,494,969)	(1,105,163)
Total equity		**18,005,032**	**18,394,838**

The notes on pages 10 - 15 form an integral part of these financial statements.

The financial statements on pages 7 - 15 were approved by the Board of Directors on 28 September 2022 and signed on its behalf by:

Matthew Floate

Director

Date: 28 September 2022

WEPAY PAYMENTS LTD.
Statement of changes in equity

	Called up share capital	Capital contribution reserve	Retained earnings	Total Equity
	£	£	£	£
Balance as at 1 January 2020	**1**	**19,500,000**	**(807,667)**	**18,692,334**
Loss for the financial year	—	—	(297,496)	(297,496)
Balance as at 31 December 2020	**1**	**19,500,000**	**(1,105,163)**	**18,394,838**
Loss for the financial year	—	—	(389,806)	(389,806)
Balance as at 31 December 2021	**1**	**19,500,000**	**(1,494,969)**	**18,005,032**

The notes on pages 10 - 15 form an integral part of these financial statements.

1. General information

The Company is a private company limited by shares, incorporated and domiciled in England and Wales. The Company's immediate parent undertaking is J.P. Morgan International Finance Limited which is incorporated in the state of Delaware in the United States of America. The Company's ultimate parent undertaking and the parent undertaking of the only group in which the results of the Company are consolidated, is JPMorgan Chase & Co. (the "Firm" or "JPMorgan Chase"), which is incorporated in the state of Delaware in the United States of America. The consolidated financial statements of the Firm can be obtained from the Company's registered office at 25 Bank Street, Canary Wharf, London, E14 5JP, England.

Principal activities

The principal activity of the Company is to provide payment processing services to platform businesses. The Company is an authorised payment institution by the Financial Conduct Authority ("FCA").

2. Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101"). FRS 101 applies the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006.

The following exemptions from the requirements of IFRS in conformity with the requirements of the Companies Act 2006 have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Comparative information disclosures (paragraph 38 of IAS 1 'Presentation of financial statements' ("IAS 1") for reconciliation of share capital (paragraph 79(a)(iv) of IAS 1);
- Statement of compliance with IFRS - paragraph 16, IAS 1;
- Cash flow statement and related notes, IAS 7 'Cash flow statements';
- Disclosures in relation to new or revised standards issued but not yet effective (paragraph 30 and 31, IAS 8 'Accounting policies, changes in accounting estimates and errors');
- Key management compensation disclosures (paragraph 17, IAS 24 'Related Party Disclosures'("IAS 24"));
- Related party transactions with wholly owned Group undertakings (paragraph 18 and 19, IAS 24); and
- Disclosure requirements of IFRS 7 'Financial Instruments: Disclosures'.

3. Critical accounting estimates and judgements

The preparation of financial statements generally requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. Due to the nature of Company's business and balances, no significant accounting estimates or judgements were required in preparation of these financial statements.

4. Significant Accounting policies

The following are the significant accounting policies applied in the preparation of these financial statements. These policies have been applied consistently in each of the years presented, unless otherwise stated.

4.1 Cash and cash equivalents

Cash and cash equivalents include cash and balances at banks and loans and advances to banks with maturities of three months or less.

4.2 Current taxation

Income tax payable on taxable profits (current tax) is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

4. Significant Accounting policies (continued)

4.3 Foreign currency translation

Monetary assets and monetary liabilities in foreign currencies are translated into British Pound Sterling ("GBP") at rates of exchange ruling on the balance sheet date. Income and expense items denominated in foreign currencies are translated into GBP at exchange rates prevailing at the date of the transactions. Any gains or losses arising on translation are taken directly to the income statement.

Non-monetary items denominated in foreign currencies that are stated at fair value are translated into GBP at foreign exchange rates ruling at the dates when the fair values were determined. Translation differences arising on non-monetary items measured at fair value are recognised in the income statement.

4.4 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). GBP is considered as the functional and presentation currency of the Company.

4.5 Provisions for liabilities and charges

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Under the rules of Visa Inc. and MasterCard International; merchant services processing guarantees represent the company's intermediary obligations in connection with: (i) providing transaction processing services to various merchants; and (ii) potential liability for merchant processing services where the merchant does not deliver on goods or services owed to the cardholder. A liability in either case may arise as a result of a billing dispute between a merchant and a cardholder that is ultimately resolved in the cardholder's favour; however, the merchant is ultimately liable to refund the amount to the cardholder. However, in very rare cases, where the company is unable to collect this amount from the merchant, the company bears the loss for the amount of the refund payable to the cardholder.

The risk of such liabilities materializing is first mitigated as the cash flows between the company and the merchant are settled on a net basis, and the company has the right to offset any settlements to the merchants with incoming cash that is otherwise due to the merchant. The company further mitigates this risk by withholding future settlements, retaining cash reserve amounts or by obtaining other security. The company reviews the provision for chargebacks on a monthly basis based on expected and potential losses in its merchant acquiring portfolio.

4.6 Dividend recognition

Dividend income is recognised when the right to receive payment is established.

Dividend distributions are recognised in the period in which they are declared and approved.

4.7 Financial instruments

4.7.1 Financial assets and financial liabilities

i. Recognition of financial assets and financial liabilities

The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of securities are recognised on the trade-date, which is the date on which the Company commits to purchase or sell an asset.

ii. Classification and measurement of financial assets and financial liabilities

On initial recognition, financial assets are classified and measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification is based on both the business model for managing the financial assets and their contractual cash flow characteristics. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the assets' performance is evaluated and reported to key management personnel, how risks are assessed and managed, and how managers are compensated

4. Significant Accounting policies (continued)

4.7.1 Financial assets and financial liabilities (continued)

ii. Classification and measurement of financial assets and financial liabilities (continued)

a) *Financial assets and financial liabilities measured at amortised cost*

Financial assets are measured at amortised cost if they are held under a business model with the objective to collect contractual cash flows ("Hold-to-Collect") and they have contractual terms under which cash flows are solely payments of principal and interest ("SPPI"). In making the SPPI assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI. As a result of the application of these criteria, only debt financial assets are eligible to be measured at amortised cost.

Financial assets measured at amortised cost include cash and cash equivalents and debtors that are in the Hold to Collect business model.

Financial liabilities are measured at amortised cost unless they are held for trading or a designated as measured at FVTPL. All of the Company's financial liabilities are measured at amortised cost. Financial liabilities measured at amortised cost include other creditors.

Financial assets and financial liabilities measured at amortised cost are initially recognised at fair value including transaction costs (which are explained below). The initial amount recognised is subsequently reduced for principal repayments and adjusted for accrued interest using the effective interest method (see below). In addition, the carrying amount of financial assets is adjusted by recognising an expected credit loss allowance through the profit or loss.

The effective interest method is used to allocate interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability or a shorter period when appropriate, to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset or financial liability. The calculation of the effective interest rate includes all fees and commissions paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issuance or disposal of a financial asset or financial liability.

Gains and losses arising on the disposal of financial assets measured at amortised cost are recognised in 'trading profit' or other non-interest revenue as relevant.

4.7.2 Interest income and expense

Unless a financial asset is credit-impaired, interest income is recognised by applying the effective interest method to the carrying amount of a financial asset before adjusting for any allowance for expected credit losses. If a financial asset is credit-impaired, interest income is recognised by applying the effective interest rate to the carrying amount of the financial asset including any allowance for expected credit losses.

Interest expense on financial liabilities is recognised by applying the effective interest method to the amortised cost of financial liabilities.

Interest income and expense on financial assets and financial liabilities measured at amortised cost are presented separately from financial instruments measured at FVTPL.

4.7.3 Non Interest expense

Expenses are recognised when the underlying contract becomes legally binding or at the agreed due date if later.

5. Operating income

	2021	2020
	£	£
Other income/(expense):		
Foreign exchange gain/(loss)	166	(1,172)
Fees and commissions receivable	166,539	190,790
	166,705	**189,618**

6. Administrative expenses

	2021	2020
	£	£
Professional services	164,140	158,512
Auditors' remuneration for the audit of the Company's annual financial statements	114,000	112,456
Auditors' remuneration for the safeguarding audit	156,000	—

7. Directors' emoluments and staff costs

	2021	2020
	£	£
Aggregate emoluments	16,205	10,526
Total contributions to a defined contribution pension plan	1,471	806
Total contributions to a defined benefit pension plan	—	—
Number of directors to whom defined contribution pension rights accrued	2	2
Number of directors to whom defined benefit pension rights accrued	—	2

In accordance with the Companies Act 2006, the directors emoluments above represent the proportion paid or payable in respect of qualifying services to the Company. Directors also received emoluments for non-qualifying services, which are not required to be disclosed.

Highest paid director

The emoluments of the highest paid director is under £200,000 which is not required to be disclosed under the requirements of the Companies Act 2006.

The directors are employees of other JPMorgan Chase undertaking and all expenses, including remuneration, are paid by those companies and recharged to the Company for one director.

8. Interest receivable and similar income

	2021	2020
	£	£
Interest receivable and similar income	—	1,292

All interest receivable and similar income is from other JPMorgan Chase undertakings.

9. Tax on loss on ordinary activities

(a) Analysis of tax charge for the year

	2021	2020
	£	£
Current taxation		
UK Corporation tax on loss for the year	—	—
Total tax expense for the year	—	—

(b) Factors affecting the current tax charge for the year

The tax charge for the year differs from the standard rate of corporation tax in the UK 19% (2020: 19%). The differences are explained below:

	2021	2020
	£	£
Loss on ordinary activities before taxation	(389,806)	(297,496)
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax in UK 19% (2020: 19%)	(74,063)	(56,524)
Effects of:		
Effects of group relief/other reliefs		275
Expenses not deductible	74,063	56,249
Total tax expense for the year	—	—

10. Debtors

	2021	2020
	£	£
Current		
Trade debtors	20,266	44,485
Other debtors	6,806	807
	27,072	**45,292**

Trade debtors represent settlement and fees receivable and are measured at transaction price, less any impairment and losses.

11. Cash and cash equivalents

Bank balances include those held with JPMorgan Chase undertakings of £18,407,879 (2020: £18,764,568). Bank balances include a segregated cash account which holds cash for the benefit of the Company's merchant clients of £79,230 (2020: £114,450).

12. Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	104,229	171,203
Provision for chargebacks	18,048	31,026
Accruals and deferred income	307,625	212,793
Other creditors	17	—
	429,919	**415,022**

13. Capital management

Total equity of £18,005,032 (2020: £18,394,838) constitutes the managed capital of the Company, which consists of called-up share capital, capital contribution reserve and retained earnings.

The Directors are responsible for setting the objectives, policies and processes relating to the management of the Company's capital.

14. Called up share capital

	2021	2020
	£	£
Issued and fully paid share capital		
1 (2020: 1) Ordinary shares of £1 each	1	1

15. Financial risk management

Risk management is an inherent part of the Company's business activities. The Company's overall objective is to manage its businesses, and the associated risks, in a manner that balances serving the interests of its clients and customers and protects the safety and soundness of the Company.The following sections outline the key financial risks that are inherent in the Company's business activities.

The Firm's and the Company's risk management framework seeks to mitigate risk and loss to the Firm and Company. The Firm has established processes and procedures intended to identify, measure, monitor, report and analyse the types of risk to which the Firm and Company are subject. However, as with any risk management framework, there are inherent limitations to the Firm's and Company's risk management strategies because there may exist, or develop in the future, risks that the Firm and Company have not appropriately anticipated or identified. The Company exercises oversight through the Board of Directors which are aligned to the Company's risk management framework and regulatory requirements.

Risk Summary

The following summarizes the key risks inherent to the Company's business activities.

Credit risk

The risk of loss arising from the default of a customer, client or counterparty. The Company is exposed to merchants defaulting on chargebacks from their customers. As such, the Company has a provision for chargebacks. The Company does not directly insure against this risk. However, the Company evaluates the financial situation and industry categories of the merchants for risks arising from credit and fraud issues. For higher risk categories, the Company's risk policy may require funds from clients be held in the form of reserves, and the reserves can be used to mitigate risk exposure in the event of chargebacks and refunds. In addition, the Company monitors all incoming and outgoing payments to merchants. When there is a chargeback, the Company will attempt to immediately recover the amount from the merchant, and when chargebacks are not recoverable, the Company then takes a transaction loss. In revenue share situation, should there be unrecoverable chargebacks from the merchants, the partner shares the loss with the Company.

Liquidity risk

The risk that the Company will be unable to meet its contractual and contingent financial obligations as they arise or that it does not have the appropriate amount, composition and tenor of funding and liquidity to support its assets and liabilities.

The Company's unsecured and secured funding capacity is sufficient to meet its balance sheet obligations in the foreseeable future.