SW Topco Limited

Annual report and consolidated financial statements

Registered number 11262052

Period end – 30 June 2020

Contents

Company Information

Directors	P Setterberg N Day M Boden (appointed 1 June 2020) A Backen D Geer D Gagie
Registered number	11262052
Registered office	209-215 Blackfriars Road London SE1 8NL
Independent auditor	KPMG LLP 15 Canada Square Canary Wharf, London E14 5GL

Strategic Report

Highlights

SW Topco Limited ("Small World") is a technology-led group of companies providing secure, fast and competitively priced cross-border payment services to consumers and businesses.

In the period from 1 July 2019 to 30 June 2020, we:

- Processed £4.4 billion of payments on behalf of customers
- Processed 15.2 million transactions for our customers
- Generated revenue of £127 million

It gives me great pleasure to report another successful period for Small World, with good growth across all channels and geographies on key metrics such as transactions, revenue and EBITDA. Strong performances were recorded particularly in Northern Europe and North America. Our agent and store-based volumes continue to grow rapidly, and our digital services, both digital send and digital pay-out, have been in greater demand than ever before accounting for over a third of all transactions in the period.

We are at an exciting point in Small World's growth. We are investing across our business to deliver our growth and development strategy, to drive growth in all channels, physical and digital, expanding our global agent network and enhancing our pay-out capability, to provide a better service for our customers and agents. We are investing strategically in our people and our technology platform. Ensuring high standards of regulatory compliance remains a focus. In the period we completed an acquisition in France which has been successfully integrated and which provides a platform to grow in the French market. We will selectively pursue other acquisition opportunities, whether accelerating growth in existing geographies or adding new capabilities or geographic reach.

Like all businesses around the world, we have had to navigate the unforeseen Covid-19 pandemic. Our business continuity plans worked as expected, we were able to maintain service for our customers and we seamlessly transitioned our office-based employees to home working. With many customers in lockdown, we saw very strong increases in our digital channel volumes from April 2020 onwards. We believe we are well placed to navigate the second wave of Covid-19 being experienced in many countries and, with global travel restrictions remaining in place, our customers are making use of our omni-channel offering to remit funds to their families and friends across the world.

The UK's departure from the EU takes place on 31 December 2020, and a "no deal" exit remains a distinct possibility. We do not anticipate a material adverse impact on the business as we hold multiple EU licenses and have reorganised our activities accordingly.

I would like to thank all of our Small World employees for their efforts over the past year, especially over the past nine months as we have worked hard to support our customers despite the challenges of Covid-19.

Per Setterberg
Chairman

Date: 23 December 2020

Strategic Report *(continued)*

Chief Executive's report

The Group's revenue by region was as follows:

	Year to 30 June 2020 £000	**For the period from 19 March 2018 to 30 June 2019 £000**
North America	45,509	26,650
Northern Europe	43,679	23,430
Southern Europe	31,648	18,915
Africa	4,201	1,965
South America	1,625	859
	126,662	**71,819**

We achieved growth in revenue and normalised EBITDA across all our send markets in the period.

	Year to 30 June 2020 £000	**For the period from 19 March 2018 to 30 June 2019 £000**
Operating loss	(1,523)	(4,546)
Depreciation and amortisation	8,030	3,180
EBITDA	**6,507**	**(1,366)**
Investment in Digital channel and other Strategic Projects	4,916	780
Exceptional items (see Note 12)	465	3,207
Normalised EBITDA before above items	**11,888**	**2,621**

The Group considers that the investment in strategic projects to grow revenues across all channels, including the digital channel, should be separately identified. We have taken a strategic decision to invest in specific growth and development projects to drive performance in the years to come.

The strategic projects are aimed at accelerating growth organically and through acquisition, and investing to ensure Small World's platform continues to enjoy competitive advantage. There are projects focused on digitisation and developing and growing Small World's digital customer proposition, whether fully or partially digital, and ensuring we offer true 'omni-channel' convenience to our customers. We are also growing our agent base in multiple geographies where we see scope to continue our expansion. There are ongoing enhancements to our finance, treasury and technology platforms to support this. As part of this we are well progressed with a major international recruitment exercise and we continue to focus on offering development opportunities to our people.

We increased our RCF facility in May 2020 from £15m to £30m, provided by National Westminster Bank and Virgin Money.

Exceptional items (see Note 12) relate to one-off costs that the company considers should be separately disclosed in the statement of profit or loss and other comprehensive income in line with our accounting policy.

Strategic Report *(continued)*

As a truly international operation in a global market, we are excited by the opportunities to grow and will continue to execute our growth strategy whilst continuing to provide a compelling proposition for our customers, agents and people, and to benefit from leveraging our global payments platform.

I would like to take this opportunity to thank all of our employees for their hard work and ongoing support.

Nick Day
Chief Executive
Date: 23 December 2020

Strategic Report *(continued)*

Our Business Model

The Group provides cross-border payment services for consumers and businesses. A wide range of payment services is available reaching 188 countries worldwide and includes cash pick up in minutes and near instant credit to bank account, credit to mobile wallets and home delivery. The Group has an origination network in 32 countries and a pay-out network of over 250,000 cash pick-up locations as well as digital payment capabilities in local currency in 92 countries.

Powering the global operation, from transaction processing to disbursement, is a single market leading proprietary technology platform that enables scalability and robust risk and compliance standards including in relation to Anti Money Laundering. As well as technology, our compliance function benefits from a sizeable team of compliance experts.

Revenue is earned primarily from fees per transaction plus a foreign exchange margin, where applicable. The Group serves its customers with an omni-channel capability enabling customers to transact in any of the following ways:

Agent network

Small World operates a network of over 8,000 authorised sending agents which accounts for the majority of its transactions. Send agents are retail establishments (grocery stores, convenience stores, etc.) situated in neighbourhoods where our customers live and work. For agents, a relationship with Small World is beneficial due to the agent commissions generated and the additional customer traffic driven by their ability to offer this service.

Digital

Customers transacting on-line and in app through smart phones or computers represent the fastest growing segment of the Group's business. Our digital services are available in 21 countries and territories, and are being extended to further countries as part of our growth plan. Significant investment continues to be made in both developing and promoting our digital service to new customers.

Retail locations

The Group operated 88 leased retail store locations across Europe during the period. Clients sending larger amounts tend to prefer the store environment and many have built trusted relationships with the Group's service and sales professionals. The retail model for a specific location is based on the potential for substantial transaction volume and, on average, stores outperform third party agent locations in terms of volume and margin. In addition, Small World does not pay any send fees in relation to its own retail stores although it does incur premises and staffing costs.

Call centres

For clients working in rural areas far from convenient stores or agents, the call centres are available to offer support. We serve customers in local languages in the Netherlands, Luxembourg, Brazil, Spain, Portugal, Germany, Belgium, Switzerland and the United Kingdom.

Strategic Report *(continued)*

Risk Management

The Audit, Risk and Compliance Committee (ARC) meets at least quarterly to evaluate the Group's exposure to risk and the strength of its controls on behalf of the Board. The Group has developed a range of risk management policies and procedures which address the principal risks facing the business.

Credit risk

The Group's principal financial assets are bank balances and trade receivables due from agents. The main credit risk the Group faces relates to agents failing to remit cash collected on behalf of customers. The risk is managed by setting agent credit limits and actively managing all outstanding amounts. Strong system controls and a robust collection programme have mitigated the risk, with immaterial bad debt in the period.

Foreign currency risk

The principal currencies in which the Group earns income are Sterling, Swiss Francs, US Dollar, Canadian Dollar, Euro and West African CFA Franc. The Group maintains a policy of economic hedging of its spot exchange rate risk arising from settlement of customer transactions on a daily basis.

Liquidity risk

The Group has a strong cash position and monitors it closely. Management forecasts use a rolling three-year plan combined with an annual budget, quarterly forecasts and short-term daily modelling of cash requirements, to ensure adequacy of funds in the appropriate currencies and locations. The Company has a thorough process in place to monitor and predict compliance with debt covenants relevant to the existing working capital facility, resulting in full compliance with all covenants along with significant headroom that should absorb possible future downturns.

Regulatory risk

The Group complies with all regulatory requirements in all jurisdictions in which it operates. The Group routinely performs external compliance audits to ensure that best practice is adopted. The Group maintains a strong and active risk and compliance function which reports directly to the Board through the Audit, Risk and Compliance Committee. Extensive controls are built into the Group's IT systems which automatically delay certain transactions pending further investigation and authorisation if required, and provide extensive post transaction monitoring and analysis.

Brexit risk

Following the UK's referendum in 2016, the Group established an EU Exit Steering Committee which comprised a dedicated team which worked with all our European business units that operated under our UK FCA license. This team assessed the risks and opportunities arising from the UK's decision to leave the EU, and managed the migration of affected business operations to the Group's French and Spanish licenses.

Covid-19 risk

The Group established a Covid-19 Committee to work across the businesses to assess the risks arising from Covid-19. This Committee has taken reasonable steps to mitigate where possible the impacts of the disease and associated government restrictions on our customers, employees, agents and other stakeholders.

The Directors have considered the potential effects of Covid-19 on the Company and its business environment. The Company has been growing transactions and revenues from July to date and it believes it can continue to acquire new customers and manage its operations through the Covid-19 period. The Directors are accelerating the growth strategy to expand our global offering across all channels to provide both existing and new customers with the opportunity to send funds to family and friends in a timely and cost-effective manner.

Strategic Report *(continued)*

From a financial perspective, the Company continues to trade in line with expectations and, following the increase in our working capital facility in May 2020, the Company has access to sufficient working capital to support its growth.

The Company has seen a significant increase in revenues from July to October 2020, compared to the preceding 12 months and the corresponding period in 2019. The directors expect revenues to continue at higher levels than those seen in 2019, contributing to an underpinning of revenues for the coming year. As a result, the Company believes, based on the trading conditions and events that are known and are reasonably knowable, that it can continue to realise its assets, satisfy its liabilities and remain solvent in the normal course of business.

In the highly unlikely event the Company experiences a material reduction in revenues, its primary business costs such as agent commissions and banking costs, its strategic investment programme and marketing costs would or could be very considerably reduced, This, combined with the Company's cash reserves, would enable the Company to continue to operate and cover its fixed and variable costs.

Corporate Governance

Group Board

The Group Board consists of a non-executive chairman, a non-executive director, two executive directors and two investor directors. It meets formally at least six times a year, with further ad hoc meetings as required, to consider inter alia: budgets for the year; monthly trading compared to budget; and reports from the Chief Risk Officer. From time to time the Board receives formal presentations by management on different parts of the business, and board meetings also take place at the Group's overseas locations outside of Covid-19 restrictions.

Remuneration Committee

The Group has a formal remuneration committee chaired by the Group Chairman. It consists of three non-executive directors, with senior management in attendance from time to time as required. It normally meets twice a year, more often if required.

Incentives for senior executives are primarily via the granting of shares and annual bonus schemes. The latter are paid according to performance against both financial and non-financial objectives. Bonuses are paid when the audited accounts are approved by the Board. The Remuneration Committee decides on the achievement of bonuses for the period and its decisions are final.

Audit, Risk and Compliance Committee (ARCC)

The ARCC meets quarterly and more often if required. The Committee is responsible for: overseeing the effectiveness of, and compliance with, the Group's Risk Management Framework, Risk Appetite, and policies; monitoring the Group's compliance with applicable regulations and laws; reviewing the business recovery plan; approving the Group's internal audit plan, and reviewing internal audit reports and recommendations and; reviewing and recommending the Group's Annual Report and Financial Statements to the Board.

Management and Employees

The average number of employees during the period was 727. Average employee numbers are expected to increase as the Group continues to grow and drive forward its strategic investment programme.

As at 30 June 2020, the Group employed 718 full time equivalent employees (FTEs) of whom the majority work in the Group's operational centres in London, Madrid, New York and Portugal. The FTEs are lower than the average number because of part time employees hired during the year but not remaining at the end of the period.

Each country or group of countries is managed by a local manager or executive director who in turn reports to the Chief Executive. Centralised functions include Finance and Treasury, Risk and Compliance, Product Operations, Business Development, Human Resources and Information Technology.

Strategic report *(continued)*

Each of these is led by senior officers who report to the Chief Executive, although the Chief Risk Officer and Chief Financial Officer also have a direct reporting line to the Chairman of the Audit and Risk Committee.

Section 172 Statement

Section 172 of the Companies Act 2006 sets out a number of general duties that directors owe to a company. These includes a general duty requiring directors to act in a way in which they consider, in good faith, will promote the success of the company for the benefit of shareholders as a whole.

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of SW Topco Limited (the 'Company') for the benefit of its shareholders as a whole, and in doing so had regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- to the extent the Company has employees, the interests of the Company's employees;
- the need to foster the Company's business relationships with agents, correspondents, suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company's maintaining a reputation for high standards of business conduct;
- and to act fairly between members of the Company

The Directors take into account the views and interests of a wider set of stakeholders, including our regulators, our banks, Governments, and non-government organisations. Considering this broad range of interests is an important part of the way the Board makes decisions, however in balancing those different perspectives it will not always be possible to deliver everyone's desired outcome.

How does the board engage with stakeholders?

The Board will sometimes engage directly with certain stakeholders on certain issues, but the size and distribution of our stakeholders and of SW Topco Limited means that stakeholder engagement usually takes place at an operational level.

The Board considers and discusses information from across the organisation to help it understand the impact of Small World's operations globally, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance, as well as information covering areas such as key risks, and legal and regulatory compliance. This information is provided to the board through reports sent in advance of each board meeting, and through in-person presentations.

As a result of these activities, the board has an overview of engagement with stakeholders, and other relevant factors, which enables the directors to comply with their legal duty under section 172 of the Companies Act 2006.

IFRS16

The Group has adopted IFRS16 in these financial statements. The adoption of IFRS16 has significantly increased the non-current assets, lease liabilities and depreciation charges as a result of the capitalisation of leases.

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

Nick Day
Chief Executive
Date: 23 December 2020

Directors' report

The Directors present their report and the financial statements from 1 July 2019 to 30 June 2020.

Research and development activities

The Group continues to invest in building its brand, brand identity and in its technology platform. Research, development and other technology costs in the period were £994,818 (2019 - £662,487) of which £736,177 (2019 - £501,564) has been capitalised in the statement of financial position.

Financial Instruments

Details of the Group's financial risk management policies and objectives in respect of its use of financial instruments are included in Note 5 to the financial statements together with a description of exposure to credit and concentration risk, foreign exchange risk, liquidity risk, capital risk and interest rate risk.

Results and dividends

The loss for the period, after taxation, amounted to £14,983,278 (2019 - £9,802,838).

The directors do not recommend the payment of a dividend.

Directors

The Directors who served during the period were:

Per Setterberg	(Chairman of the Board and Chair of the Remuneration committee)
Nick Day	(CEO, member of the ARCC)
Martin Boden	(CFO, member of the ARCC, appointed on 1 June 2020)
Andrew Backen	(Non-executive Director, member of the ARCC and member of the Remuneration committee)
Dominic Geer	(Non-executive Director, member of the ARCC and member of the Remuneration committee)
David Gagie	(Non-executive Director, Chair of the ARCC)

The Company has directors' and officers' liability insurance and it is intended to maintain such cover. Certain directors' benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

Employees

The Group is committed to a policy of treating all its employees and job applicants equally. We are committed to the employment of people with disabilities and will interview those candidates who meet the minimum selection criteria. We provide training and career development for our employees, tailored where appropriate to their specific needs, to ensure they achieve their potential. If an individual becomes disabled while in our employment, we will do our best to ensure continued development in their role, including consulting them about their requirements, making appropriate adjustments and providing suitable alternative positions.

The Group systematically provides employees with information on matters of concern to them, consulting with them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the Group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group plays a major role in maintaining its customer focused approach.

Directors' report *(continued)*

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the period.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events

There are no significant post balance sheet events for the Company.

Going concern

Notwithstanding net liabilities of £23,258,931 as at 30 June 2020 and a loss for the year then ended of £14,710,042, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. Included within net liabilities are shareholder and directors' loan notes which amount to £105,551,671 as at 30 June 2020 to be paid in November 2028 and so not payable in the forecast period.

The directors have prepared cash flow forecasts for a period from the date of approval of these financial statements up to 30 June 2024, comprising a base case and a severe but plausible downside scenario. These indicate that, taking account of reasonably possible downsides including the impact of Covid-19, the company will have sufficient funds, through its revolving facility, over this period to meet its liabilities as they fall due for that period.

The base case assumes that the group achieves expected levels of growth with strong volume increases continuing from those achieved in the new financial year to date from 1 July 2020. The severe but plausible downside case assumes a significant reduction in revenue compared to the best case in the period of January to May 2021 and the Group still complies with its banking covenants in this scenario. The Group also considered a reverse stress test which showed that the Group could suffer notable reductions in EBITDA compared to that experienced in the period ending June 2020 before breaching covenants. The directors have the ability to implement further cost saving and cash preservation measures should this be necessary such as a reduction in international investment, if necessary, to preserve cash.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

KPMG LLP acted as auditors during the period and pursuant to Section 487 of the Companies Act 2006 the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

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

Nick Day
Chief Executive
Date: 23 December 2020
Registered Address: 209-215 Blackfriars Road, London, SE1 8NL

Statement of directors' responsibilities in respect of the Annual Report, Strategic Report, The Directors' Report and the financial statements

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

Company law requires the directors to prepare group and parent company financial statements for each financial period. Under that law, they have elected to prepare both the group and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from significant misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SW TOPCO LIMITED

Opinion

We have audited the financial statements of SW Topco Limited ("the Company") for the year ended 30 June 2020 which comprise the Group Statement of Profit or Loss and Other Comprehensive Income, the Group and the Company's Statement of Financial Position, the Group and Company's Statement of Changes in Equity, the Group and Company Cash Flow Statement and related notes, including the accounting policies on note 2.
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.
Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 11, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.
A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

James Ledward (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E15 5GL
Date: 24 December 2020

Consolidated Statement of Profit and Loss and Other Comprehensive Income

for the year ended 30 June 2020

	Note	For the year ended 30 June 2020 £	For the period from 19 March 2018 to 30 June 2019 £
Revenue	6	126,661,534	71,818,562
Cost of sales		(81,088,438)	(46,278,129)
Gross profit		45,573,096	25,540,433
Administrative expenses		(46,630,377)	(26,880,300)
Exceptional items	12	(465,772)	(3,206,637)
Total administrative expenses		(47,096,149)	(30,086,937)
Loss from operations	4	(1,523,053)	(4,546,504)
Finance income		21,339	8,259
Finance expense	10	(11,796,704)	(5,962,431)
Loss before tax		(13,298,418)	(10,500,676)
Tax (expense) / credit	11	(1,684,860)	697,838
Loss for the period		(14,983,278)	(9,802,838)
Other comprehensive income *for the period ended 30 June 2020*			
Items that are or may be reclassified subsequently to profit or loss: Foreign currency translation differences – foreign operations related to the statement of financial position		273,236	274,074
Other comprehensive income for the period, net of income tax		273,236	274,074
Total comprehensive loss for the period		(14,710,042)	(9,528,764)

The accompanying notes form part of the financial statements.

Consolidated Statement of Financial Position

at 30 June 2020

	Note	2020 £	2019 £
Non-current assets			
Intangible assets	13	76,744,044	76,947,398
Property, plant and equipment	15	2,086,505	2,159,499
Right-of-use of leased assets	24	6,669,856	-
Deferred tax asset	21	152,047	-
		85,652,452	79,106,897
Current assets			
Trade and other receivables	17	30,995,554	34,178,118
Deferred tax asset	21	-	639,313
Cash and cash equivalents	18	44,468,293	32,876,018
		75,463,847	67,693,449
Total assets		161,116,299	146,800,346
Equity			
Share capital	22	12,178	12,178
Share premium	23	967,697	967,697
Foreign exchange reserve	23	547,310	274,074
Accumulated losses		(24,786,116)	(9,802,838)
		(23,258,931)	(8,548,889)
Current liabilities			
Trade and other payables	19	62,104,733	39,418,395
Corporation Tax	11	349,974	11,180
Lease liability	24	2,197,663	-
		64,652,370	39,429,575
Non-current liabilities			
Loans and borrowings	20	106,473,030	107,981,181
Lease liability	24	4,531,248	-
Deferred tax liability	21	8,718,582	7,938,479
		119,722,860	115,919,660
Total equity and liabilities		161,116,299	146,800,346

The accompanying notes form part of the financial statements.

These financial statements were approved by the board of directors on 23 December 2020 and were signed on its behalf by:

Nick Day
Chief Executive
Date: 23 December 2020
Company registered number: 11262052

Company Statement of Financial Position
at 30 June 2020

	Note	2020 £	2019 £
Non-current assets			
Trade and other receivables	17	1,485,336	1,037,578
		1,485,336	1,037,578
Total assets		1,485,336	1,037,578
Equity			
Share capital	22	12,178	12,178
Share premium	23	967,697	967,697
Accumulated losses		(187,402)	(348,220)
		792,473	631,655
Current liabilities			
Trade and other payables	19	692,863	405,923
		692,863	405,923
Total equity and liabilities		1,485,336	1,037,578

The accompanying notes form part of the financial statements.

These financial statements were approved by the board of directors on 23 December 2020 and were signed on its behalf by:

Nick Day
Date: 23 December 2020
Company registered number: 11262052

Consolidated Statement of Changes in Equity

Group

	Share capital	Share Premium	Foreign Exchange Reserve	Accumulated losses	Total equity
	£	£	£	£	£
At 1 July 2019	**12,178**	**967,697**	**274,074**	**(9,802,838)**	**(8,548,889)**
Loss for the year	-	-	-	(14,983,278)	(14,983,278)
Foreign Exchange translation differences on consolidation	-	-	273,236	-	273,236
Total comprehensive loss for the period	**-**	**-**	**273,236**	**(14,983,278)**	**(14,710,042)**
Transactions with owners, recorded directly in equity					
Capital increase	-	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-	-
Balance at 30 June 2020	**12,178**	**967,697**	**547,310**	**(24,786,116)**	**(23,258,931)**

The accompanying notes from part of the financial statements

Consolidated Statement of Changes in Equity

Group

	Share capital	Share Premium	Foreign Exchange Reserve	Accumulated losses	Total equity
	£	£	£	£	£
Balance at incorporation	-	-	-	-	-
Loss for the period from 19 March 2018 to 30 June 2019	-	-		(9,802,838)	(9,802,838)
Foreign Exchange translation differences on consolidation	-	-	274,074	-	274,074
Total comprehensive loss for the period	**-**	**-**	**274,074**	**(9,802,838)**	**(9,528,764)**
Transactions with owners, recorded directly in equity					
Issue of shares	12,178	967,697	-	-	979,875
Total contributions by and distributions to owners	12,178	967,697	-	-	979,875
Balance at 30 June 2019	**12,178**	**967,697**	**274,074**	**(9,802,838)**	**(8,548,889)**

The accompanying notes from part of the financial statements

Statement of Changes in Equity

Company

	Share capital	Share Premium	Retained Earnings/ (Deficit)	Total equity
	£	£	£	£
At 1 July 2019	**12,178**	**967,697**	**(348,220)**	**631,655**
Profit for the year	-	-	160,818	160,818
Total comprehensive profit for the period	-	-	**160,818**	**160,818**
Transactions with owners, recorded directly in equity				
Capital increase	-	-	-	-
Total contributions by and distributions to owners	-	-	-	-
Balance at 30 June 2020	**12,178**	**967,697**	**(187,402)**	**792,473**

The accompanying notes from part of the financial statements

Statement of Changes in Equity

Company

	Share capital	Share Premium	Retained Earnings/ (Deficit)	Total equity
	£	£	£	£
Balance at incorporation	-	-	-	-
Loss for the period from 19 March 2018 to 30 June 2019	-	-	(348,220)	(348,220)
Total comprehensive loss for the period	**-**	**-**	**(348,220)**	**(348,220)**
Transactions with owners, recorded directly in equity				
Issue of shares	12,178	967,697	-	979,875
Total contributions by and distributions to owners	12,178	967,697	-	979,875
Balance at 30 June 2019	**12,178**	**967,697**	**(348,220)**	**631,655**

The accompanying notes from part of the financial statements

Cash Flow Statements
for the period ended 30 June 2020

	Note	**Group 2020 £**	Group 2019 £	**Company 2020 £**	Company 2019 £
Cash flows from operating activities					
(Loss) / Profit for the period		(14,983,278)	(9,802,838)	160,818	(348,220)
Adjustments for:					
Depreciation, amortisation and impairment		8,030,274	3,179,815	-	-
Foreign exchange gains		273,236	274,074	-	-
Financial income		(21,339)	(8,259)	-	-
Financial expense		11,796,704	5,962,431	-	-
Taxation		1,684,860	(697,838)	-	-
Decrease / (increase) in trade and other receivables		3,182,564	(5,229,118)	(447,758)	(1,037,578)
(Decrease) / increase in trade and other payables		(1,853,448)	842,195	286,940	405,923
Interest paid		(1,472,549)	(817,017)	-	-
Increase right-of-use of leased assets		(9,000,531)	-	-	-
Increase lease liability		8,951,488	-	-	-
Tax paid		(262,070)	(172,138)	-	-
Total adjustments		21,309,189	3,334,145	(160,818)	(631,655)
Net cash from / (used in) operating activities		6,325,911	(6,468,693)	-	(979,875)
Cash flows from investing activities					
Acquisition of subsidiary, net of cash		(4,268,032)	(46,211,000)	-	-
Purchase of tangible assets		(738,037)	(447,609)	-	-
Purchase of intangible assets		(960,186)	(540,875)	-	-
Interest received		21,339	8,259	-	-
Net cash used in investing activities		(5,944,916)	(47,191,225)	-	-
Draw down from working capital facility					
Proceeds from new loan		14,647,982	90,771,861	-	-
Issue of new shares		-	979,875	-	979,875
Payment of lease liabilities		(2,222,577)	-	-	-
Lender fees paid		(1,135,298)	(200,000)	-	-
Repayment of borrowings		(84,680)	(5,283,000)	-	-
Net cash from financing activities		11,205,427	86,268,736	-	979,875
Net increase in cash and cash equivalents		11,586,422	32,608,818	-	-
Cash and cash equivalents at beginning of year		32,608,818	-	-	-
Cash and cash equivalents at 30 June 2020	18	44,195,240	32,608,818	-	-

The accompanying notes from part of the financial statements

Notes

(forming part of the financial statements)

1 *Accounting policies*

SW Topco Limited ("the Company") is a private company incorporated, domiciled and registered in the UK on 19 March 2018. The registered number is 11262052 and the registered address is 209-215 Blackfriars Road, London, SE1 8NL. The Company started its operations from 1 December 2018.
The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the parent company financial statements here together with the group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.
Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are discussed in note 3.

2 *Basis of preparation*

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out in note 2.

The consolidated financial statements are presented in pounds sterling, which is also the Company's functional currency. Amounts are rounded to the nearest pound, unless otherwise stated.

Measurement convention

The financial statements are prepared on the historical cost basis except for financial assets and liabilities that are measured at their fair value or amortised cost.

Going Concern

Notwithstanding net liabilities of £23,258,931 as at 30 June 2020 and a loss for the year then ended of £14,710,042, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. Included within net liabilities are shareholder and directors' loan notes which amount to £105,551,671 as at 30 June 2020 to be paid in November 2028 and so not payable in the forecast period.

The directors have prepared cash flow forecasts for a period from the date of approval of these financial statements up to 30 June 2024, comprising a base case and a severe but plausible downside scenario. These indicate that, taking account of reasonably possible downsides including the impact of Covid-19, the company will have sufficient funds, through its revolving facility, over this period to meet its liabilities as they fall due for that period.

The base case assumes that the group achieves expected levels of growth with strong volume increases continuing from those achieved in the new financial year to date from 1 July 2020. The severe but plausible downside case assumes a significant reduction in revenue compared to the best case in the period of January to May 2021 and the Group still complies with its banking covenants in this scenario. The Group also considered a reverse stress test which showed that the Group could suffer notable reductions in EBITDA compared to that experienced in the period ending June 2020 before breaching covenants. The directors have the ability to implement further cost saving and cash preservation measures should this be necessary such as a reduction in international investment, if necessary, to preserve cash.

Notes *(continued)*

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Separate parent company financial statements

In the parent company financial statements, all investments in subsidiaries, joint ventures, and associates are carried at cost less impairment.

2.1 Changes to accounting policies

The group has adopted the following IFRSs in these financial statements:

- IFRS 16: Leases (Impact is material to the financial statements). The Group adopted IFRS 16 using the modified retrospective method and as a result the comparatives have not been restated and are reported under IAS 17 (see note 2.15)
- IFRIC 23: Uncertainty over Income Tax Treatments (Impact is not material to the financial statements)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (Impact is not material to the financial statements)
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (Impact is not material to the financial statements)
- Amendments to IFRS 9: Prepayments Features with Negative Compensation (Impact is not material to the financial statements)
- Annual Improvements to IFRS Standards 2015-2017 Cycle (Impact is not material to the financial statements)

Notes *(continued)*

2.2 Revenue

Revenue represents commissions and other amounts received for arranging and effecting money transfer services in the normal course of business including revenue based on the difference between the exchange rate charged by the Group and the acquisition cost of currency, where a transaction involves payment and receipt in different currencies.

Provided the amount of revenue can be measured reliably and it is probable that it will be received, revenue for services is recognised in the period in which they are rendered.

The Group does not charge VAT on transactions owing to money transfer services being an exempt supply.

2.3 Goodwill

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

2.4 Other intangible assets

Other intangible assets include acquired patents, trademarks, agent relationships and customer database. These are stated at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged on a straight line basis over their estimated useful lives to administrative expenses within the consolidated statement of comprehensive income over the directors' estimate of its useful economic life. The estimated useful life and amortisation method are reviewed at the end of each period and are as follows:

Brand	-	15 years
Software	-	12.5 years
Agent relationship	-	10 years
Customer database	-	5 years

2.5 Impairment of intangible assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial period end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are included in the statement of comprehensive income, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The accounting treatment for the leases subsequent to transition to IFRS 16, and for leases entered into after 1 July 2019 are described below in accounting policy 2.15.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Notes *(continued)*

Depreciation is provided on the following basis:

Improvements to leasehold property	-	10% - 33% per annum
Motor vehicles	-	25% per annum
Fixtures, fittings and IT equipment	-	10% - 33% per annum

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.7 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognises goodwill at the acquisition date as:

- The fair value of the consideration (excluding contingent consideration) transferred; plus
- Estimated amount of contingent consideration (see below); plus
- The fair value of the equity instruments issued; plus
- Directly attributable transaction costs; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment. The Company adopts book value accounting for common control transactions whereby the book value of the investment recognized by the Company is the carrying amount of its investee.

Notes *(continued)*

2.9 Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL.
Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Fair value measurements are categorised in accordance with the following levels ("the fair value hierarchy"):

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included in Level 1, but that are observable for the asset or liability, either directly or indirectly; and
Level 3: inputs for the asset or liability that are not based on observable market data.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

2.11 Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is an objective evidence that is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the assets original effective interest rate.

Expected credit losses

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).
The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Notes *(continued)*

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

2.12 Financial liabilities

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Group own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on recognition is also recognised in profit or loss.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Other liabilities

Other liabilities include the following items:

Bank borrowings and the Group's loan notes are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position.

For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

- Liability components of loan notes are measured as described further below.

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method

Notes *(continued)*

2.13 Loan note

Interest payable on the 10% loan notes, which are classified as a financial liability, is treated as finance costs and is at the effective interest rate.

2.14 Foreign currency

Transactions entered into by group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss. The exchange differences arising on the retranslation of the foreign operation are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

On consolidation, the results of overseas operations are translated into pound sterling at rates approximating those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Long term inter-company loans receivable from or payable to a foreign operating entity for which a settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, are recorded at the historical exchange rates ruling on the date of the transaction in the individual entity accounts and any exchange differences arising on consolidation are taken to the foreign currency translation reserve.

2.15 Leased assets

Policy applicable before 1 July 2019

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased asset and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

Policy applicable from 1 July 2019

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17.

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

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

Notes *(continued)*

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the re-measurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

The Group has adopted the following practical expedients:

- apply a single discount rate to a portfolio of leases with reasonably similar characteristics
- rely on its assessment of whether a lease is onerous by applying IAS 37 immediately before the date of initial application
- exclude initial direct costs from the measurement of ROU assets at the date of initial application
- use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease
- recognition and measurement requirements to leases for which the underlying asset is of low value
- to account for each separate lease component of a contract and its associated non-lease components as a single lease payment.

The Group did not adopt the following practical expedients:

- recognition and measurement requirements to short-term leases to not to apply IFRS 16's recognition and measurement requirements to short-term leases.

- The Company has elected to present right-of-use assets separately and lease liabilities as part of the long-term and short-term debt in the statement of the financial position.

Notes *(continued)*

Useful life for assets capitalised within RoU are the following:

Improvements to leasehold property	-	3 years
Motor vehicles	-	4 years
Fixtures, fittings and IT equipment	-	3 years

2.16 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.17 Current and deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. In respect of deferred tax assets arising from investment property measured at fair value, the presumption that recovery will be through sale rather than use has not been rebutted.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company, or
- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

2.18 Finance costs

Finance costs associated with the issue of the bank loan are deducted from the proceeds of the issue and released to the statement of comprehensive income over the term of the loan on a straight line basis.

2.19 Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

2.20 Research and development

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold
- adequate resources are available to complete the development
- there is an intention to complete and sell the product
- the Group is able to sell the product
- sale of the product will generate future economic benefits, and
- expenditure on the project can be measured reliably.

Notes *(continued)*

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within the administrative expenses line in the consolidated statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

2.21 Share capital

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or a financial asset.

The group's ordinary shares are classified as equity instruments.

2.22 Pension

Some of the subsidiaries in the Group participate in a defined contribution pension scheme. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

2.23 Exceptional items

Exceptional items are expenses incurred by the Group which are non-recurring and material in size or nature.

2.24 Changes in accounting policies

New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the group's future financial statements:

Amendments to References to Conceptual Framework in IFRS Standards (effective date to be confirmed)
The Group plans to adopt the new standard on the required effective date to be confirmed. The Group has not yet completed an initial impact assessment of this standard.

Definition of a Business (Amendments to IFRS 3) (effective date to be confirmed). The Group plans to adopt the new standard on the required effective date to be confirmed. The Group has not yet completed an initial impact assessment of this standard.

Definition of Material (Amendments to IAS 1 and IAS 8) (effective date to be confirmed). The Group plans to adopt the new standard on the required effective date to be confirmed. The Group has not yet completed an initial impact assessment of this standard.

Interest Rate Benchmark Reform (Amendments to IFRS 9 and IFRS 7) (effective date to be confirmed).
The Group plans to adopt the new standard on the required effective date to be confirmed. The Group has not yet completed an initial impact assessment of this standard.

Audit exemption

The Company's subsidiaries listed below claimed an audit exemption under Section 479A of the Companies Act 2006 in respect of their own Financial Statements for the year ended 30 June 2020. As a condition of the audit exemption claimed, the Company intends to guarantee all outstanding liabilities of these companies as at 30 June 2020.

Notes *(continued)*

	Company Registration Number
	11262310
SW Holdco Limited	11262310
SW Midco Limited	11262414
SW Bidco Limited	11262511
Small World Financial Services Group Limited	5405279

2.25 Segmental information

The Group reports five segments based on the geographical regions where we serve our customers:

	Revenues		Operational profit		Interest & income tax expense		Net result	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	£000	£000	**£000**	£000	**£000**	£000	**£000**	£000
North America	**45,509**	26,650	**106**	(2,106)	**(192)**	(182)	**(86)**	(2,288)
Northern Europe	**43,679**	23,430	**(4,514)**	(3,318)	**(12,916)**	(5,595)	**(17,430)**	(8,216)
Southern Europe	**31,648**	18,915	**2,050**	401	**(260)**	(113)	**1,790**	288
Africa	**4,201**	1,965	**856**	407	**-**	-	**856**	407
South America	**1,625**	859	**(21)**	69	**(92)**	(63)	**(113)**	6
Total	**126,662**	71,819	**(1,523)**	(4,547)	**(13,460)**	(5,953)	**(14,983)**	(9,803)

Each segment is providing cross-border payment services to consumers in each of the geographical regions abroad. The Group's revenue is generally consistent with the geographical locations of the operating segments. No individual customer accounts for more than 10% of Group revenue.

Notes *(continued)*

3 Judgments in applying accounting policies and key sources of estimation uncertainty

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from those estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Impairment of Goodwill (see note 13).

The Group annually tests whether Goodwill has been impaired. The recoverable amount of the Group of Cash Generating Units (CGU's) to which Goodwill have been allocated is determined based on value-in-use calculations. These calculations require assumptions to be made regarding projected cash flows and the choice of appropriate discount rate in order to calculate the value-in-use of those cash flows. Please see note 13 for details of these assumptions.

Valuation of acquired intangible assets (see note 27).

The Group identifies assets and liabilities upon acquisition and recognises those assets at their fair value. The assessment of the fair value of acquired intangible assets is undertaken using cost based and income based approaches. These calculations require assumptions to be made regarding projected income flows and the choice of the appropriate discount rate to calculate the present value of these income flows. Please see note 27 for further details of these assumptions.

The Group has performed sensitivity analysis about the range of reasonably possible outcomes to determine whether there is any impairment to the acquired intangible assets and the estimations have given comfort that there are no material adjustments to those carrying values.

Discount rate relevant to leases (see note 24).

The Group has performed sensitivity analysis including increase and decrease on discount rate used to calculate the present value of the minimum least payment, there are no material adjustments resulted from this sensitivity analysis, please see note 24 for the relevant details

4 Loss from operations

Included within the loss from operations are the following:

	2020	2019
	£	£
Amortisation	**4,932,290**	2,746,200
Lease rentals	**(60,277)**	1,590,267
Depreciation	**767,309**	433,615
Right of use asset amortisation	**2,330,675**	-
Foreign exchange loss/ (gain)	**44,529**	(167,110)

Notes *(continued)*

5 Financial instruments – risk management

General objectives, policies and processes

The Group has developed a range of risk management policies and procedures which address the principal risks facing the business. Further details of the financial risks that the Group faces and the policies in place to mitigate these risks are set out below.
The Group is exposed through its operations to the following financial risks:

- Credit and concentration risk
- Foreign exchange risk
- Liquidity risk
- Capital risk
- Interest rate risk

Further quantitative information in respect of these risks is presented throughout these:

(i) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Bank and cash balances
- Trade and other payables
- Loans and borrowings
- Forward currency contracts
- Lease liabilities

(ii) Financial instruments by category

Current Assets

	2020	2019
	£	£
Trade and other receivables	**30,995,554**	34,178,118
Deferred tax asset	**152,047**	41,934
Cash at bank and in hand	**44,468,293**	32,876,018
Total financial assets	**75,615,894**	67,096,070

Financial current liabilities

	Financial liabilities at amortised cost	**Financial liabilities at fair value through profit or loss**	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss
	2020	**2020**	2019	2019
	£	**£**	£	£
Trade and other payables	**36,818,169**	-	39,151,195	
Loans and borrowings	**24,539,786**	-	267,200	-
Lease liabilities	**2,197,663**			
Forward currency contracts	-	**4,805**	-	4,805
Total financial current liabilities	63,555,618	4,805	39,418,395	4,805

Notes *(continued)*

Financial non-current liabilities

	Financial liabilities at amortised cost	
	2020	2019
	£	£
Loans and borrowings	**106,473,030**	107,981,181
Lease liabilities	**4,531,248**	-
Total financial non-current liabilities	**111,004,278**	107,981,181

(iii) *Financial instruments not measured at fair value*

Financial instruments not measured at fair value include trade and other receivables, bank and cash balances, trade and other payables and loans and borrowings. Due to their short-term nature, the carrying value of these items approximates their fair value.

Credit and concentration risk

The Group's principal financial assets are bank balances and trade receivables due from agents. The main credit risk facing the Group relates to agents failing to remit monies collected on behalf of customers. The risk is managed by setting agent credit limits and performing a daily review of all outstanding amounts. Strong IT system controls and a robust collection programme have mitigated the risk during the period.

The cash and cash equivalents are deposited with major financial institutions which the Group's management believes to be financially sound and, accordingly, minimal credit risks exist with respect to these assets.

Foreign exchange risk

The principal currencies in which the Group earns income are British Pounds, Swiss Francs, US Dollar, Euro and West African CFA Franc, which is closely linked to the Euro. The Group's presentational currency is pounds sterling, therefore the Group is also exposed to foreign currency translation risks due to movements in foreign exchange rates on the translation of non-sterling assets, liabilities and earnings. The Group maintains a policy of economic hedging of its spot and forward exchange rate risk arising from settlement of customer transactions on a daily basis. The Group also aims to restrict the exposure of each business unit to non-functional currencies wherever possible.

Notes *(continued)*

The tables below illustrate the hypothetical sensitivity of the Group's reported profit before tax and closing equity to a 10% increase and decrease in the value of each of these currencies relative to pounds sterling at the reporting date, assuming all other variables remain unchanged. The sensitivity rate of 10% is deemed to represent a reasonably possible long-term change based on historic exchange rate volatility.

Profit before tax	**2020**	2019
	£	£
Sterling strengthens by 10% against:		
US Dollar	**72,138**	1,334,990
Euro	**(963,488)**	(160,213)
Swiss Franc	**(649,946)**	102,939
Sterling weakens by 10% against:		
US Dollar	**50,692**	977,783
Euro	**(465,923)**	(77,764)
Swiss Franc	**(433,724)**	75,235

Equity		
Sterling strengthens by 10% against:		
US Dollar	**(108,551)**	(119,797)
Euro	**(527,637)**	(324,099)
Swiss Franc	**(276,566)**	(166,558)
Sterling weakens by 10% against:		
US Dollar	**132,673**	146,419
Euro	**644,890**	396,121
Swiss Franc	**338,025**	203,571

Notes *(continued)*

Liquidity risk

The Group has a strong cash position and manages its cash position closely. Management forecast using a rolling three-year plan combined with annual budget and short term and daily modelling of cash requirements to ensure adequacy of funds in the appropriate currencies and locations.

At 30 June 2020	**Up to 3 months**	**Between 3 and 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**
	£	**£**	**£**	**£**	**£**
Trade and other payables	**36,818,169**	**-**	**-**	**-**	**-**
Lease Liability	**-**	**2,197,663**	**-**	**4,531,248**	**-**
Loans and borrowings	**-**	**23,404,488**	**-**	**941,925**	**189,993,008**
	36,818,169	**25,602,151**	**-**	**5,473,173**	**189,993,008**

At 30 June 2019	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
	£	£	£	£	£
Trade and other payables	39,149,856	1,339	-	-	-
Loans and borrowings	-	267,200	14,675.407	93,305,774	-
Deferred tax liability	-	-	-	7,938,479	-
	39,149,856	268,539	14,675,407	101,244,253	-

Capital risk

The Group manages its capital so as to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders through an appropriate balance of debt and equity funding, whilst maintaining sufficient headroom for contingencies. The Group retains profits in the business to finance growth. The capital structure consists of equity and debt which accumulates interest at 10%, while working capital requirements are provided through banking facilities at 3.5%.

Interest rate risk

The Group is exposed to cash flow interest rate risk on its floating rate banking facilities. The exposure to changes in interest rates on debt is partly mitigated by these fixed rate borrowings and by short term cash deposits. A 1% increase in the cost of borrowing on the variable rate facilities would have reduced the profit before tax for the period by £103,000 had the debt at 30 June 2020 been in existence throughout the period and not taking into account any corresponding increase in deposit interest rates.

Notes *(continued)*

6 Revenue

Revenue represents commissions and other amounts receivable for arranging money transfer services. All amounts relate to continuing operations and are derived in the following geographic segments:

	2020	2019
	£	£
North America	**45,508,997**	26,649,683
Northern Europe	**43,678,717**	23,429,661
Southern Europe	**31,647,851**	18,914,925
Africa	**4,200,524**	1,965,378
South America	**1,625,445**	858,915
	126,661,534	71,818,562

7 Auditor's remuneration

	2020	2019
	£	£
Audit of these financial statements	**231,000**	225,000
Fees payable to the Group's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**547,756**	515,000
Taxation compliance services	**255,908**	47,700
Tax advisory services	**304,115**	219,406
Audit-related assurance services	**-**	471,400
	1,338,779	1,478,506

8 Employees

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

	2020	2019
	£	£
Wages and salaries	**21,113,853**	10,309,777
Social security costs	**3,267,794**	1,849,053
	24,381,647	12,158,830

The average number of employees, including directors, during the period was 727 (2019 - 693).
The pension contribution has been £115,291 (2019 - £65,333).

Notes *(continued)*

9 Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	**533,297**	683,883

The highest paid Director received remuneration of £286,476 (2019 - £311,184).

Included in directors' emoluments are amounts paid to related parties as management and consultancy fees as described in note 26.

10 Interest and similar charges

	2020	2019
	£	£
Bank interest payable	**960,300**	519,981
Other loan interest payable	**899,873**	84,532
Finance costs on loan notes	**9,330,577**	5,121,912
Amortisation of bank loan costs	**362,260**	235,859
Hire purchase contracts	-	147
Leases	**243,694**	-
	11,796,704	5,962,431

11 Taxation

	2020	2019
	£	£
Taxation on UK profits	-	52,136
Current tax		
Current tax on income for the period	**830,343**	277,396
Adjustments in respect of previous periods	**261,304**	-
Origination and reversal of timing differences UK	-	(169,089)
Origination and reversal of timing differences foreign tax	-	(49,913)
	1,091,647	110,530
Deferred tax		
Origination and reversal of timing differences UK corporation tax	**(229,281)**	(970,859)
Effect of tax rate change on opening balance	**863,659**	-
Origination and reversal of timing differences foreign tax	-	162,491
Adjustments in respect of previous periods	**(41,165)**	-
Total deferred tax	**593,213**	(808,368)
Taxation on ordinary activities	**1,684,860**	(697,838)

Notes *(continued)*

Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	**(13,298,418)**	(10,500,676)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	**(2,526,699)**	(1,995,128)
Effects of:		
Expenses not deductible for tax purposes	**1,593,421**	2,848,688
Utilisation of tax losses	**(252,895)**	(583,184)
Effect of tax rates in foreign jurisdictions	**155,870**	(30,059)
Income not taxable for tax purposes	**-**	(1,088,042)
Changes in rate of deferred taxes	**800,915**	17,799
Adjustments to tax charge in respect of prior periods	**261,303**	-
Adjustments to deferred tax in respect of prior periods	**(41,164)**	-
Reversal of deferred tax asset on losses utilised	**-**	159,688
Movement in unprovided deferred tax	**1,592,937**	-
Current year tax losses not utilised this year	**55,041**	-
Accelerated capital allowances and other timing differences	**46,131**	(27,600)
Total tax expense / (credit) for the period	**1,684,860**	(697,838)
Effective corporation tax rate	**12.67%**	6.65%

Factors that may affect future tax charges

The tax benefit of the remainder of the tax losses amounting to £2,434,107 (2019 - £1,595,649) has not been recognised because, in the opinion of the directors, it is not possible to foresee with reasonable certainty when the relief will be utilised. The losses arise under various tax jurisdictions, legislation and tax rates.

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. Nevertheless, at Budget 2020 the Government announced the UK corporation tax rate for the years starting 1 April 2020 and 2021 would remain at 19%.

12 Exceptional items

	2020 £	2019 £
Exit process fees	**-**	3,206,637
Brexit Costs	**465,772**	-
	465,772	3,206,637

Exceptional costs incurred during the year related to preparation for Brexit, primarily moving our European branches from operating under our UK license to our Spanish license.

Last year, the Group incurred exit process fees following the agreement in March 2018 of funds managed by Equistone Partners Europe Limited to purchase the business (including redemption of an outstanding Convertible Loan Note and £2m shareholders loan note), executed on November 30th 2018.

Notes *(continued)*

13 Intangible assets

Group

	Customer Relationships £	Software (Technology) £	Customer Database £	Brand £	Goodwill £	Total £
Cost						
At 1 July 2019	7,824,311	8,153,564	4,058,000	29,505,000	30,152,723	79,693,598
Acquisition of subsidiary	1,484,581	-	928,142	-	1,356,027	3,768,750
Additions	64,145	896,041	-	-	-	960,186
At 30 June 2020	**9,373,037**	**9,049,605**	**4,986,142**	**29,505,000**	**31,508,750**	**84,422,534**
Amortisation						
At 1 July 2019	314,048	1,474,486	473,433	484,233	-	2,746,200
Charge for the period	883,503	514,190	904,413	2,630,184	-	4,932,290
At 30 June 2020	**1,197,551**	**1,988,676**	**1,377,846**	**3,114,417**	**-**	**7,678,490**
Net book value						
At 30 June 2020	**8,175,486**	**7,060,929**	**3,608,296**	**26,390,583**	**31,508,750**	**76,744,044**
At 30 June 2019	7,510,263	6,679,078	3,584,567	29,020,767	30,152,723	76,947,398

	Customer Relationships £	Software (Technology) £	Customer Database £	Brand £	Goodwill £	Total £
Cost						
At 1 December 2018	-	-	-	-	-	-
Acquisition of subsidiary	7,785,000	7,652,000	4,058,000	29,505,000	30,152,723	79,152,723
Additions	39,311	501,564	-	-	-	540,875
At 30 June 2019	**7,824,311**	**8,153,564**	**4,058,000**	**29,505,000**	**30,152,723**	**79,693,598**
Amortisation						
At 1 December 2018	-	-	-	-	-	-
Charge for the period	314,048	1,474,486	473,433	484,233	-	2,746,200
At 30 June 2019	**314,048**	**1,474,486**	**473,433**	**484,233**	**-**	**2,746,200**
Net book value						
At 30 June 2019	**7,510,263**	**6,679,078**	**3,584,567**	**29,020,767**	**30,152,723**	**76,947,398**

Notes *(continued)*

Goodwill

Goodwill is not amortised, but tested annually for impairment with the recoverable amount being determined from value in use calculations. Goodwill has been allocated for impairment testing purposes to cash generating units (CGUs), which reflect the organisational structure of the Group.

The Group had the following balances by CGU:

	2020	2019
	£	£
United Kingdom	**9,144,792**	9,144,792
North America	**6,904,888**	6,904,888
Spain	**9,869,848**	9,869,848
Switzerland	**4,233,195**	4,233,195
France	**1,356,027**	-
Total	**31,508,750**	30,152,723

The key assumptions for the value in use calculations are the long term growth rate and the discount rates. Value in use was calculated from cash flow projections for three years using data from the Group's latest results and financial forecasts. The Group's annual impairment assessment was corroborated to the net realisable value ("NRV") of each CGU and we did not identify any goodwill impairment during the current period.

The key assumptions of this calculation used for all CGU are shown below:

Period on which management approved forecasts are based	**3 years**
Growth rates applied year 1 to 3 – United Kingdom CGU	**14%**
Growth rates applied year 1 to 3 – Switzerland CGU	**9%**
Growth rates applied year 1 to 3 – Spain CGU	**7%**
Growth rates applied year 1 to 3 – North America CGU	**6%**
Growth rates applied beyond year 3 to all CGU	**0.25%**
Discount rate	**9-14%**

Cash generation is calculated based on EBITDA less capital expenditure. Capital expenditure spend is based on the level of spend during FY20 for each business unit and CGU which is expected to recur.

The growth rates used in value in use calculation reflect the average growth rate experienced by the Group for each country over the last year. The projections for each CGU have been prepared on a prudent basis.

In a range of sensitised trading scenarios, carried out on all impairment reviews and for a reasonably possible range of sensitivities, the discounted future cash flows at 30 June 2020 exceeded the valuation of goodwill. The analysis is not that sensitive to changes in discount rate and a change of +2% still does not lead to impairment.

14 Parent Company Profit for the period

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit or loss account and Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the period was £160,818 (2019 - loss £348,220), principally due to audit fees.

Notes *(continued)*

15 Property, plant and equipment

Group

	Improvements to leasehold property	Motor vehicles	Fixtures, fittings and IT equipment	Total
	£	£	£	£
Cost or valuation				
At 1 July 2019	3,964,461	121,466	5,195,968	9,281,895
Additions	319,545	-	418,492	738,037
Exchange adjustments	-	501	330	831
At 30 June 2020	**4,284,006**	**121,967**	**5,614,790**	**10,020,763**
Depreciation				
At 1 July 2019	2,805,624	51,331	4,265,441	7,122,396
Charge for the period	386,162	21,570	359,577	767,309
Exchange adjustments	25,496	165	18,892	44,553
At 30 June 2020	**3,217,282**	**73,066**	**4,643,910**	**7,934,258**
Net book value				
At 30 June 2020	**1,066,724**	**48,901**	**970,880**	**2,086,505**
At 30 June 2019	1,158,837	70,135	930,527	2,159,499

Group

	Improvements to leasehold property	Motor vehicles	Fixtures, fittings and IT equipment	Total
	£	£	£	£
Cost or valuation				
At 1 July 2018	3,760,301	132,414	4,955,470	8,848,185
Additions	207,111	-	240,498	447,609
Exchange adjustments	(2,951)	(10,948)	-	(13,899)
At 30 June 2019	**3,964,461**	**121,466**	**5,195,968**	**9,281,895**
Depreciation				
At 1 July 2018	2,663,238	47,126	3,919,117	6,629,481
Charge for the period	208,232	5,001	220,382	433,615
Exchange adjustments	(65,846)	(796)	125,942	59,300
At 30 June 2019	**2,805,624**	**51,331**	**4,265,441**	**7,122,396**
Net book value				
At 30 June 2019	**1,158,837**	**70,135**	**930,527**	**2,159,499**

Notes *(continued)*

The net book value of assets held under leases or hire purchase contracts, included above, are as follows:

	2020 £	2019 £
Fixtures, fittings and IT equipment	-	3,512

16 Investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 30 June 2019	-
Additions	-
At 30 June 2020	-
Net book value	
At 30 June 2019	-
At 30 June 2020	-

See note 29 for a full list of subsidiary undertakings.

Notes *(continued)*

17 Trade and other receivables

	Group 2020 £	Group 2019 £	**Company 2020 £**	Company 2019 £
Non-current				
Amounts owed by group undertakings	-	-	**1,485,336**	1,037,578

	Group 2020 £	Group 2019 £	**Company 2020 £**	Company 2019 £
Current				
Trade debtors	**28,805,915**	31,998,650	-	-
Provision for doubtful accounts	**(493,248)**	(486,728)	-	-
Trade debtors net of provision for doubtful accounts	**28,312,667**	31,511,922	-	-
Other debtors	**1,678,366**	1,249,831	-	-
Prepayments and accrued income	**1,004,521**	1,416,365	-	-
	30,995,554	34,178,118	-	-

The ageing analysis of overdue trade debtors is as follows:

	2020 £	2019 £
5 to 30 days	**722,628**	6,269,440
Over 30 days	**867,559**	1,358,593
	1,590,187	7,628,033

The movement in the provision for doubtful debts was as follows:

	2020 £	2019 £
Brought forward	**(486,728)**	-
Amounts recovered	**117,996**	30,311
Amounts written off	**(87,025)**	(383,281)
Provisions made in the period	**(37,491)**	(133,758)
Carried forward	**(493,248)**	(486,728)

The fair value of trade and other debtors is not materially different from their carrying value. Trade debtors comprise a large number of individually immaterial accounts thereby spreading the risk of material default. In some limited circumstances the Group will seek collateral in support of an account.

Notes *(continued)*

18 Cash and cash equivalents

	Group 2020	Group 2019	**Company 2020**	Company 2019
	£	£	**£**	£
Cash at bank and in hand	**44,468,293**	32,876,018	-	-
Less: bank overdrafts	**(273,053)**	(267,200)	-	-
	44,195,240	32,608,818	-	-

The Group holds £5,878,000 of restricted cash at bank on 30 June 2020 in accordance with its regulatory obligations as regards eligible securities and safeguarding of customer funds.

19 Trade and other payables

	Group 2020	Group 2019	Company 2020	Company 2019
	£	£	£	£
Bank overdrafts	**273,053**	267,200	-	-
Bank revolving credit facility	**25,402,031**	-	-	-
Lender fees paid	**(1,135,298)**	-	-	-
Trade creditors	**25,588,786**	32,728,009	-	-
Amounts owed to Group undertakings	**-**	-	431,874	71,123
Value added tax	**208,147**	107,957	-	-
Taxation and social security	**533,826**	510,108	-	-
Other creditors	**5,311,915**	1,914,624	40,000	-
Accruals and deferred income	**5,917,468**	3,885,692	220,989	334,800
Forward currency contracts	**4,805**	4,805	-	-
	62,104,733	39,418,395	692,863	405,923

20 Loans and borrowings

	Group 2020	Group 2019	**Company 2020**	Company 2019
	£	£	**£**	£
Shareholder and Directors loan	**105,551,671**	93,305,774	-	-
Lender fees paid	**-**	(324,593)	-	-
Bank revolving credit facility	**-**	15,000,000	-	-
Bank loans	**921,359**	-	-	-
	106,473,030	107,981,181	-	-

Notes *(continued)*

The Company has a secured £30 million revolving credit facility with National Westminster Bank Plc and Virgin Money PLC, formerly called Clydesdale Bank, with a termination date on 1 June 2023 which is utilised for short periods of typically 1 to 3 months. On 30 June 2020, the balance of the facility was £25,402,031 (2019 - £15,000,000) together with £1,135,298 (2019 - £324,593) of outstanding fees.

On 1 December 2018 the Company also signed an unsecured ten-year £88 million fixed rate loan note at 10% interest with several shareholders and directors, which was increased by another £3 million during this year with the same terms and conditions than the previous loan. The principal and the cumulative interest mature on 30 November 2028. Interest is accrued but not paid until the loan notes are redeemed. If at the end of the period no repayment has occurred, the loan is then repayable at the option of the holders.

On 30 June 2020, the principal was £91,183,862 (2019 - £88,183,862) and £14,367,809 (2019 - £5,121,912) was outstanding accrued interest.

All the shareholder and director loan notes are issued on an arm's length basis with appropriate market rates of interest.

21 Deferred Taxation

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group Assets 2020 £	Group Assets 2019 £	Group Assets 2020 £	Group Liabilities 2019 £	Group Total 2020 £	Group Total 2019 £
At beginning of year	**(639,313)**	-	**7,938,479**	-	**7,299,166**	
Property, plant and equipment	-	(171)	-	21,409	-	21,238
Intangible assets	-	-	**675,562**	7,917,070	**675,562**	7,917,070
Tax value of loss carry-forwards	**488,672**	(622,591)	**104,541**	-	**593,213**	(622,591)
Other	**(1,406)**	(16,551)	-	-	**(1,406)**	(16,551)
Tax (assets) / liabilities	**(152,047)**	(639,313)	**8,718,582**	7,938,479	**8,566,535**	7,299,166
Net tax (assets) / liabilities	**(152,047)**	(639,313)	**8,718,582**	7,938,479	**8,566,535**	7,299,166

Movement in deferred tax during the year:

	Total Group At 1 July 2019 £	Recognised in income Group 2020 £	Foreign Exchange movement Group 2020 £	Acquired in business combination Group 2020 £	Total Group at 30 June 2020 £
Property, plant and equipment	21,238	(33,881)	(268)	-	(12,911)
Intangible assets	[illegible]	108,158	-	[illegible]	8,700,790
Tax value of loss carry-forwards utilised	(622,591)	518,847	(1,138)	-	(104,882)
Other	(16,551)	89	-	-	(16,462)
	7,299,166	593,213	(1,406)	675,562	8,566,535

Notes *(continued)*

Movement in deferred tax during the year

	Recognised in income Group 2019 £	Foreign Exchange movement Group 2019 £	Acquired in business combination Group 2019 £		Total Group At 30 June 2019 £
Property, plant and equipment	(29,013)	1,291	48,960		21,238
Intangible assets	(412,930)	-	8,330,000	8,330,000	7,917,070
Tax value of loss carry-forwards utilised	(463,427)	(2,666)	(156,498)		(622,591)
Other	97,002	(2,221)	(111,332)		(16,551)
	(808,368)	(3,596)	8,111,130		7,299,166

22 Share Capital

	2020 £	2019 £
Allotted, called up and fully paid		
825,000- Ordinary 'A' shares of £0.01 each	**8,250**	8,250
59,476- Ordinary 'B1' shares of £0.05 each	**2,974**	2,974
95,398- Ordinary 'B2' shares of £0.01 each	**954**	954
	12,178	12,178

The Company was incorporated on 19 March 2018 and issued 825,000 ordinary 'A' shares of one penny each for a consideration of £8,250, 59,476 ordinary 'B1' shares of five pennies each and 95,398 ordinary 'B2' shares of one penny each for a consideration of £12,178 and share premium of £967,697.

Ordinary shares have full rights in the Company with respect of voting, dividends and distributions.

23 Reserves

Share premium

Share premium comprised the amount subscribed for share capital in excess of nominal value.

Foreign exchange reserve

This reserve represents the gains and losses arising on retranslating the net assets/liabilities of overseas operations into British sterling.

Notes *(continued)*

24 Leases

The Group presents right-of-use assets separately and lease liabilities as part of the long-term and short-term debt in the statement of the financial position.

	2020 £	2019 £
Assets		
Right-of-use assets – buildings	8,340,534	-
Right-of-use assets – equipment	642,744	-
Right-of-use assets – motor vehicles	17,253	-
Right-of-use assets – accumulated amortization buildings	(2,167,692)	-
Right-of-use assets – accumulated amortization equipment	(150,340)	-
Right-of-use assets – accumulated amortization motor vehicles	(12,643)	-
Total right-of-use assets	6,669,856	-
Liabilities		
Lease liabilities – non-current	4,531,248	-
Lease liabilities –current	2,197,663	-
Total lease liabilities (*)	6,728,911	-
Foreign exchange reserve	84,606	-
Profit and loss account		
Lease expenses – buildings	2,333,903	-
Lease expenses – motor vehicles	168,417	-
Lease expenses – motor vehicles	12,994	-
Depreciation – buildings	(2,167,692)	-
Depreciation – equipment	(150,340)	-
Depreciation – motor vehicles	(12,643)	-
Interest expense	(328,340)	-
Total profit and loss	(143,701)	-

(*) The below table shows the difference between discounted and undiscounted lease liability:

Maturity analysis – contractual undiscounted cash flows	2020 £
less than one year	2,317,376
One to five years	4,729,670
More than five years	10,205
Total undiscounted lease liabilities as of 30 June 2020	7,057,251

Amounts recognised in statement of cash flows from operating activities	2020 £
Decrease right-of-use of leased assets	(9,000,531)
Increase lease liability	8,951,488
Total	49,043

Notes *(continued)*

The Group applied sensitivity analysis on the discount rates by 3%, which resulted no material differences compared to the amounts recorded in the financial statements.

25 Other financial commitments

As at the statement of financial position date, the Group had committed to purchase foreign currencies over the next three months to the value US$8,273,975 for €7,363,000, US$6,853,059 for £5,572,000 and US$630,616 for CHF600,000 (2019 US$10,834,212 for €9,519,000, US$3,365,397 for £2,655,000 and €105,208 for £94,000) – see note 5.

26 Related party transactions

Transactions between wholly owned Group companies have not been included within this note.

Directors occasionally incur expenses on company business which they sometimes pay for personally. The total amount during the period was £59,815 (2019 £75,565) and at the statement of financial position date an amount of £Nil (2019 £Nil) was owed as repayable to company directors.

Three directors left their position in the Company last year and, as part of the exit process, they have sold their shares back to the Company with a zero consideration during this year. The Company acquired back 758 class A shares, 18,399 class B1 shares and 31,834 class B2 shares. The Company did not recognise the treasury shares resulting from these transactions in the financial statements as the impact is not material.

27 Acquisitions of businesses

Acquisitions in the current period

On 20 December 2019 the Group, via its subsidiary SWFS Group Limited, acquired the entire share capital of a French payment services entity, MoneyGlobe, for a consideration of £4.3 million.

Fair value adjustments

The Company calculated its fair value using the following methods:

- Customer relationships were valued using a cost based approach. The cost approach determines the value of an asset based on an estimate of the current cost to purchase or replace the asset.
- Agent relationships were valued using the "multi-period excess earnings" valuation method, which is an income-based approach which requires the estimate of future cash flows specifically attributed to the asset being valued.

A discount rate of 9% was deemed to be relevant for the acquired assets.

Notes *(continued)*

Effects on acquisitions

The acquisitions had the following effect on the Group's and Company's assets and liabilities:

	Book values	FV Adjustments	Recognised values on acquisition
	£	£	£
Acquiree's net assets at the acquisition date			
Intangible fixed assets	59,752	-	**59,752**
Tangible fixed assets	4,207	-	**4,207**
Financial assets	5,655	-	**5,655**
Debtors	1,224,675	-	**1,224,675**
Cash at bank and in hand	235,168	-	**235,168**
Bank loans	(66,913)	-	**(66,913)**
Creditors	(287,700)	-	**(287,700)**
	1,174,844	-	**1,174,844**
Deferred tax liability arising on fair value adjustments	-	**(675,562)**	**(675,562)**
Intangible assets arising on fair value adjustments			
Agent relationships	-	1,484,581	**1,484,581**
Customer Database	-	928,142	**928,142**
	-	**2,412,723**	**2,412,723**
Net identifiable assets & liabilities	**1,174,844**	**1,737,161**	**2,912,005**
Consideration paid:			
Initial cash price paid			**4,268,032**
Goodwill recognised on acquisition (Note 13)			**1,356,027**

28 Ultimate controlling party

The Group is ultimately owned by private and institutional investors. The controlling party is its main shareholder Equistone Partners Europe Limited.

Notes *(continued)*

29 Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Direct subsidiary undertakings

Name	Country of incorporation	Class of shares	Holding	Principal activity
SW Holdco Limited	UK	Ordinary	100 %	Holding company

Indirect / Direct subsidiary undertakings

Name	Country of incorporation	Class of shares	Holding	Principal activity
SW Midco Limited	UK	Ordinary	100 %	Holding company
SW Bidco Limited	UK	Ordinary	100 %	Holding company
Small World Financial Services Limited Group	UK	Ordinary	100 %	Holding company
Princess Gate Holdings Limited	USA	Ordinary	100 %	Holding company
Choice Money Transfer Inc.	USA	Ordinary	100 %	Payment services
LCC Trans-Sending Limited	United Kingdom	Ordinary	100 %	Payment services
Swiss Transfers GmbH	Switzerland	Ordinary	100 %	Payment services
Small World Financial Services Ltd (Canada)	USA	Ordinary	100 %	Payment Services
Small World Financial Services Spain SAU	Spain	Ordinary	100 %	Payment services
Small World Exchange Services Spain SLU	Spain	Ordinary	100 %	Operating subsidiary
S W Small World Financial Services Pty Limited	South Africa	Ordinary	100 %	Operating subsidiary
Small World Financial Services Sweden AB	Sweden	Ordinary	100 %	Operating subsidiary
Small World Financial Services Norway A.S.	Norway	Ordinary	100 %	Operating subsidiary
Small World Financial Services Africa SA	Cote d'Ivoire	Ordinary	100 %	Operating subsidiary
Small World FS Denmark ApS	Denmark	Ordinary	100 %	Operating subsidiary
Small World Financial Services Finland Oy	Finland	Ordinary	100 %	Operating subsidiary

Notes *(continued)*

Name	Country of incorporation	Class of shares	Holding	Principal activity
Trans-Envoi Agencia de Cambio, Lda	Portugal	Ordinary	100 %	Operating subsidiary
LCC Trans-Envoi SPRL	Belgium	Ordinary	100 %	Operating subsidiary
Small World Financial Services Bulgaria EOOD	Bulgaria	Ordinary	100 %	Operating subsidiary
Small World Brasil Servicos Financeiros e Turismo Ltda (Brazil)	Brazil	Ordinary	100 %	Operating subsidiary
Small World Mexico SRL.	Mexico	Ordinary	0%	Operating subsidiary
MoneyGlobe SAS	France	Ordinary	100 %	Operating subsidiary
Small World FS Chile SpA	Chile	Ordinary	100 %	Operating subsidiary

For all undertakings listed above, the country of operation is the same as the country of incorporation or registration.

Registered entity	Registered address
SW Holdco Limited	209-215 Blackfriars Road, London, England, SE1 8NL
SW Midco Limited	209-215 Blackfriars Road, London, England, SE1 8NL
SW Bidco Limited	209-215 Blackfriars Road, London, England, SE1 8NL
Small World Financial Services Group Limited	209-215 Blackfriars Road, London, England, SE1 8NL
Small World Financial Services Spain S.A.U.	Paseo del Club Deportivo n1 edif 13 bajo Pozuelo Madrid 28223
Small World Exchange Services Spain S.L.U.	Paseo del Club Deportivo n1 edif 13 bajo Pozuelo Madrid 28223
Small World Financial Services Pty Ltd	7 Forbes Street, Midstream Estate, Ekurhuleni, Gauteng, 1692, South Africa
Swiss Transfers GMBH	Zahringerstrasse 51 / 8001 Zurich
Princess Gate Holdings Limited (Delaware)	560 Sylvan Avence, Englewood Cliff, NJ 07632
LCC Trans-Sending Limited	209-215 Blackfriars Road, London SE1 8NL
Small World Financial Services Sweden AB	Ringvägen 100-9 TR Stockholm 11860 Sweden
Small World Financial Services Norway AS	Cort Adelers gate ,16 -0254 Oslo / 0301 Oslo Norway
Small World Financial Services Africa SA	Abidjan, Cocody cité des Arts face a Ecobank, 08 BP 3667 Abidjan 08

Notes *(continued)*

Registered entity	Registered address
Trans-envio, Agencia de Cambios, Unipessoal LDA (Portugal)	Rua Visconde de Santarem, no 75-C, 1000-286 Lisboa
LCC Trans-Envoi SPRL (Belgium)	Rue des Fripiers 17, Galerie du Centre 1000 Brussels
Choice Money Transfer Inc	560 Sylvan Ave Englewood Cliffs, NJ 07632
Small World Financial Services Ltd (Canada)	95 Jean Talon East Suite 1, Montreal, H2R 1S6, Canada
Small World Financial Services Bulgaria EOOD	Office 16, Building 5, Emine 23, Sofia, Bulgaria
Small World Brasil Servicos Financeiros e Turismo Ltda (Brazil)	R Dom Jose De Barros 177, 5 502 Parte, Sao Paulo, Brazil
Small World FS Denmark ApS	c/o TMF Denmark, Bredgade 6, 1
Small World Financial Services Finland Oy	Erottajankatu9B3, 00130 Helsinki, Finland
Small World Mexico SRL.	160000 Col. La Pechuga Tijuana, Baja California, Mexico.
MoneyGlobe SAS	78/80 Rue du Docteur Bauer 93400 Saint Ouen, Paris, France
Small World FS Chile SpA	Calle Bandera nº 455 Lc. 1, 8320000, Santiago Centro, Chile