GPUK LLP

Annual report and financial statements for the year ended 31 December 2022

Registered number: OC337146

GPUK LLP

Contents

GPUK LLP

General information

Registered number:	OC337146
Members:	Global Payments U.K. Ltd Global Payments U.K. 2 Ltd
Registered address:	Granite House Granite Way Syston Leicester LE7 1PL
Lawyers:	Eversheds LLP Eversheds House 70 Great Bridgewater St Manchester M1 5ES
Bankers:	HSBC Bank plc 8 Canada Square London E14 5HQ
Auditor:	Deloitte LLP Statutory Auditor 1 New Street Square London EC4A 3HQ

GPUK LLP

Strategic report

This strategic report has been prepared for the partnership as a whole and gives emphasis to those matters that are significant to GPUK LLP ("the Partnership").

Review of the business and key performance indicators

The following are the key performance indicators for the Partnership; the operating profit for the year ended 31 December 2022 was £120.7 million (31 December 2021: £121.2 million), as detailed in the Statement of Comprehensive Income on page 13. Revenue for the year ended 31 December 2022 was £207 million (31 December 2021: £177.4 million). The increase of £29.6 million in revenue (2021: decrease of £14.2 million) is mainly attributable to recovery from the effects of the COVID-19 pandemic. Accordingly, the administrative expenses have increased by £30.1 million to £81.2 million (2021: increase of £0.4 million), which is expected by the business.

Net assets as at 31 December 2022 were £366.8m (2021: £399.7m) and included a cash balance of £216.7m (2021: £249.9m). The decrease in cash is mainly attributable to larger distributions during the year.

The prior year balance sheets were restated to reflect an updated interpretation of the provisions of IAS 32 regarding the presentation of cash and cash overdrafts. The restatement had no effect on net assets or profit of the Partnership. Further details on the matter can be found within note 3 of the financial statements.

Principal risks and uncertainties

Details of the principal risks and uncertainties faced by the Partnership can be found within the Risk Management disclosure (note 22) and form part of this report by cross-reference. The Partnership also faces operational risks that are detailed in the members' report on page 3.

Future developments

The Partnership is expected to remain profitable and the members have formed a judgement that there is a reasonable expectation that the Partnership has adequate resources to continue operating for the foreseeable future.

Statement by the directors in performance of their statutory duties in accordance with s172 Companies Act 2006

Please see members' report for details on this disclosure.

Authorised and approved by the Board and signed on its behalf by:

N.C

Nick Corrigan

28 September 2023

Members' report for the year ended 31 December 2022

The members present their annual report and the audited financial statements for the year ended 31 December 2022.

Principal activity

GPUK LLP ("the Partnership" or "the LLP") is a joint venture between Global Payments U.K. Ltd and Global Payments U.K. 2 Ltd.

The Partnership's principal activity is merchant acquiring, which is the electronic transaction processing of point-of-sale payments on issued debit and credit cards.

There are no branches of the LLP outside the UK.

Distribution policy

The Partnership's distribution policy is that distributable profits are distributed on a quarterly basis. Distributions are made to members having rights to a share of profit, of which only Global Payments U.K. Ltd qualifies, and distributed following the preparation of the month-end results. Distributable profits consist of statutory profit adjusted for the amortisation cost of non-software intangibles. Details of distributions made in the period are as per note 19 to the financial statements.

The Partnership is subject to and compliant with the Financial Conduct Authority's (FCA) minimum capital requirements.

Designated members and Capital policy

The members of the LLP are Global Payments U.K. Ltd and Global Payments U.K. 2 Ltd (collectively, the "members"). Global Payments U.K. 2 Ltd did not participate in the LLP's profit and holds no financial interest in the LLP. Members' capital in total is linked to the financial requirements of the LLP.

Employees

The Group is committed to carrying out all its activities in a socially responsible manner, including its policy on equal opportunities, employee participation and staff incentives. Employees are systematically informed of information on matter of concern to them and consulted through employee surveys.

Financial position and performance

The following are the key performance indicators for the Partnership; revenue for the year ended 31 December 2022 was £207 million (31 December 2021: £177.4 million) as detailed in the Statement of Comprehensive Income on page 13. The increase is mainly attributable to the recovery from the impact of the COVID-19 pandemic. The operating profit for the year ended 31 December 2022 was £120.7 million (31 December 2021: £121.2 million). The Partnership aims to continue the development of the business by recruiting further new merchants, and leveraging corporate relationships within the existing customer base.

Profit is not taxable within the Partnership, and is taxed in Global Payments U.K. Ltd.

Net assets as at 31 December 2022 were £366.8m (2021: £399.7m), as detailed on the balance sheet on page 15. The decrease in cash from the prior year is mainly attributable to larger distributions during the year.

GPUK LLP

Members' report for the year ended 31 December 2022

Statement by the members in performance of their statutory duties in accordance with s172 Companies Act 2006

The members of GPUK LLP consider, both individually and together, that they have acted in the way they consider in good faith, would be most likely to promote the success of the Partnership for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2022.

The following paragraphs summarise how the members fulfil their duties:

Risk Management: GPUK LLP provides business-critical services to their customers, often in highly regulated environments. As the business grows, the risk environment also becomes more complex. It is therefore vital that the Partnership effectively identify, evaluate, manage and mitigate the risks it faces, and that it continues to evolve its approach to risk management. For details of the principal risks and uncertainties, please see page 6 of this report.

Our People: The Partnership is committed to being a responsible business. The business' behaviour is aligned with the expectations of employees, customers, communities and society as a whole. For the business to succeed it needs to manage employees' performance and develop and bring through talent while ensuring it operates as efficiently as possible. The Partnership ensures it shares common values that guides behaviour so as to achieve the strategic goals in the right way.

Business Relationships: the Partnership's strategy priorities organic growth and growth through acquisitions, driven by selling to existing clients and bringing new clients to the group. To do this the business needs to develop and maintain strong client relationships. The business values all of their suppliers and has multi-year contracts with key suppliers.

The impact of the Partnership's operations on the community and the environment: this aspect is inherent in the Partnership's strategic ambitions, as such, the members receive information on these topics to both provide relevant information for specific decisions and to provide ongoing overviews at the Global Payments group.

The desirability of the Partnership maintaining a reputation for high standards of business conduct: GPUK LLP aims to meet the world's growing need for more payment solutions in ways that are economically, environmentally and socially responsible. The members periodically review and approve clear policies to ensure that its high standards are maintained within both Global Payments businesses and the business relationships it maintains. This, complemented by the ways the members are informed and monitor compliance with relevant governance standards, helps assure optimal decisions are taken to allow GPUK LLP to act in ways that promote high standards of business conduct.

The need to act fairly between members of the Partnership: After weighing all relevant factors, the members consider which course of action best enables delivery of the business strategy through the long-term, taking into consideration the impact on stakeholders. In doing so, the members act fairly between the Partnership but are not required to balance the Partnership's interest with those of other stakeholders, and this can sometimes mean that certain stakeholder interests may not be fully aligned.

Members' report for the year ended 31 December 2022

Environmental matters

The Partnership recognises the importance of conducting business and managing environmental issues in a responsible manner. The Partnership identifies climate change and environmental protection as a key area of corporate responsibility and is dedicated to minimising the organisation's adverse environmental impacts and preventing pollution. The Partnership is committed to proactively monitoring changes in legislation and implementing new work programmes to ensure the organisation fulfils its legal and regulatory compliance obligations. It is also committed to ensuring that processes, resources and equipment are selected to reduce, and where possible, prevent pollution to the environment and to continually increase environmental awareness and regularly promote environmental responsibility among employees.

Energy and carbon reporting

We have reported on all sources of emissions and energy usage as required under the Streamlined Energy & Carbon Reporting (SECR). This is implemented by the Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

UK Total Location-based Emissions (tonnes of CO_2e)	**UK and offshore**	
	2022	**2021**
Emissions from combustion of gas (Scope 1)	103.22	4.09
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2)	124.69	237.18
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (Scope 3)	45.03	24.68
Total gross CO_2e based on above	**272.94**	**265.95**
Total carbon intensity metric [tonnes of CO2e per £m revenue]	1.40	1.50

UK Total Energy Consumption (kWh)	**UK and offshore**	
	2022	**2021**
Consumption and emissions relating to direct combustion of natural gas, and fuels utilised for transportation (Scope 1)	528,492	22,309
Consumption and emissions relating to indirect emissions of the consumption of purchased electricity in day-to-day business operations (Scope 2)	644,810	1,117,023
Consumption and emissions relating to emissions from sources not directly owned by us, this is business travel undertaken in employee-owned vehicles. (Scope 3)	195,230	106,420
	1,368,532	**1,245,752**

Members' report for the year ended 31 December 2022

Principal risks and uncertainties

The members financial risk management objectives and policies are given in note 22 to the financial statements. The Partnership also faces operational risks, which are detailed below along with mitigating activities.

Data security risk: the Partnership's ability to protect its systems and data from continually evolving cybersecurity risks or other technological risks. The Partnership seeks to manage through cyber and information security programs, training and insurance coverage, and continues to deploy multiple methods at different layers to defend the systems against misuse, intrusions and cyber-attacks to protect the data that is collected.

Regulatory/compliance risk: the risk that the Partnership fails to be compliant with all relevant regulatory requirements. The Partnership has established frameworks supported by policies, procedures and standards in key areas, and a compliance team to monitor and proactively engage with regulators.

Transaction processing risk: internal systems or the third-party providers' systems may fail, which could interrupt service, cause loss of business, increase costs and expose the Partnership to liability. The wider group works with information security firms and employs advanced technologies to help prevent, investigate and address issues relating to processing system security and availability.

Competition risk: the payment technology services industry is highly competitive where some competitors are larger and have a greater financial and operational resources. In order to remain competitive the Partnership is continually involved in a number of projects, including the development of new platforms, mobile payment applications, ecommerce services and other new offerings emerging in the payment technology services industry.

Future developments for the Partnership can be found in the strategic report on page 2.

Going concern basis

The financial statements have been prepared on a going concern basis. Having reviewed the financial projections of the Partnership, the Directors consider it can continue to trade and has sufficient cash resources to meet its financial obligations for a period of at least 12 months from the date of approval of these financial statements.

It has been discussed that if GPUK LLP suffers significant losses, it will be reliant on the parent company for liquidity. The parent company has committed to continue its support of GPUK LLP and has provided a letter of support, committing to 12 months of financial support from the date of signing.

GPUK LLP continues to be a core part of the Group's activities and future plans. As at the date of signing of these financial statements, the entity's activities have continued to operate as the entity's business is essentially dependent on the consumer spending in the economy.

After considering the forecast that the Partnership is expected to remain profitable, the members have formed a judgement that there is a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. In forming this judgement, the members have considered the Partnership's ability to meet liabilities as they fall due. As such, the members continue to adopt the going concern basis in preparing the financial statements.

Events after balance sheet date

As at the date of signing of these financial statements, there are no subsequent events to report.

GPUK LLP

Members' report for the year ended 31 December 2022

Auditor

Each of the members of the Partnership at the date of approval of this annual report confirms that:

- so far as the member is aware, there is no relevant audit information of which the Partnership's auditor is unaware; and
- the member has taken all the steps that it ought to have taken as a member in order to make itself aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

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

Deloitte LLP have expressed their willingness to continue in office as auditor.

Authorised and approved by the Board and signed on its behalf by:

N.C

Nick Corrigan

28 September 2023

GPUK LLP

Members' responsibilities statement

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

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The financial statements are also required by law to be prepared in accordance with the Companies Act 2006, as applicable to limited liability partnerships.

'International Accounting Standard 1' requires that financial statements present fairly for each financial year the firm's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, members are also required to:

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

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the firm and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the Board on behalf of the members.

Statement of comprehensive income
For the year ended 31 December 2022

Independent auditor's report to the members of GPUK LLP

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of GPUK LLP(the 'limited liability partnership'):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheets;
- the statements of changes in equity;
- the cash flow statement; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the limited liability partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of members

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the limited liability partnership's industry and its control environment, and reviewed the limited liability partnership's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the members about their own identification and assessment of the risks of irregularities, including those that are specific to the limited liability partnership's business sector.

We obtained an understanding of the legal and regulatory frameworks that the limited liability partnership operates in, and identified the key laws and regulations that:

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

We discussed among the audit engagement team and relevant internal specialists such as tax, valuations and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

- enquiring of management, and both in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing correspondence with HMRC and the FCA.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the limited liability partnership financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Isabel Agius, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

28 September 2023

GPUK LLP

Statement of comprehensive income
For the year ended 31 December 2022

	Note	Year ended 31 December 2022	Year ended 31 December 2021
		£ 000's	£ 000's
Revenue	5	206,967	177,398
Administrative and other operating expenses		(81,181)	(51,171)
Depreciation		(3,347)	(2,685)
Amortisation		(1,736)	(2,315)
Operating profit	6	120,703	121,227
Profit on disposal of VISA shares		5,047	-
Finance costs	9	(358)	(543)
Fair value loss on FVTPL financial assets	20	(53)	(180)
Profit for the year		125,339	120,504
Total comprehensive income		125,339	120,504
Attributable to the members		125,339	120,504

Finance costs gains or losses related to changes in the carrying amount of a financial liability.

All profit for the year is generated from continuing operations.

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

GPUK LLP

Statement of changes in members' interest
For the year ended 31 December 2022

	Capital account - Global Payments U.K. Ltd £ 000's	Total £ 000's
As at 1 January 2021	375,978	375,978
Profit for the year	120,504	120,504
Distributions from profit for the year	(96,738)	(96,738)
As at 31 December 2021	399,744	399,744
Profit for the year	125,339	125,339
Distributions from profit for the year	(158,261)	(158,261)
As at 31 December 2022	366,822	366,822

GPUK LLP
Registered number: OC337146

Balance sheet
As at 31 December 2022

	Note	31 December 2022 £ 000's	Restated 31 December 2021 £ 000's	Restated 31 December 2020 £ 000's
Non-current assets				
Goodwill	11	289,954	289,954	289,954
Other intangible assets	12	4,600	3,875	5,448
Property, plant and equipment	13	9,118	7,712	5,702
Right-of-use assets	18	2,012	2,355	2,699
Contract cost assets	10	19,344	7,498	7,583
		325,028	311,394	311,386
Current assets				
Financial assets at FVTPL	20	5,169	10,206	10,386
Inventories	14	3,649	5,367	5,281
Trade and other receivables	15	250,776	177,494	170,994
Contract cost assets	10	2,503	1,247	-
Prepayments		406	449	456
Cash and cash equivalents	15	216,707	249,948	224,165
		479,210	444,712	411,282
Total assets		804,238	756,106	722,666
Current liabilities				
Bank overdraft	16	(137,085)	(113,300)	(117,586)
Trade and other payables	16	(297,893)	(240,253)	(224,876)
Provision for liabilities	17	(77)	(12)	(1,199)
Current lease liabilities	18	(353)	(339)	(327)
		(435,408)	(353,904)	(343,988)
Non-current liabilities				
Non-current lease liabilities	18	(2,008)	(2,458)	(2,700)
Total liabilities		(437,416)	(356,362)	(346,688)
Net assets		366,822	399,744	375,978
Members' interest				
Capital account – Global Payments U.K. Ltd		366,822	399,744	375,978
Total members' interest		366,822	399,744	375,978

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

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

N.C.

Nick Corrigan

28 September 2023

GPUK LLP

Cash flow statement
For the year ended 31 December 2022

	Note	Year ended 31 December 2022 £ 000's	Year ended 31 December 2021 £ 000's
Net cash generated from operating activities	21	99,115	132,491
Investing activities			
Purchase of property, plant and equipment		(5,016)	(4,768)
Purchase of right-of-use assets		(100)	(112)
Purchase of intangible assets		(2,461)	(742)
Sale of FVTPL assets		10,032	-
Net cash generated from/(used in) investing activities		2,455	(5,622)
Financing activities			
Distributions and repayments of capital to members; paid and committed	19	(158,260)	(96,738)
Principal lease payments		(337)	(60)
Net cash used in financing activities		(158,597)	(96,798)
Net (decrease)/increase in cash and cash equivalents		(57,027)	30,071
Cash and cash equivalents at beginning of year		136,649	106,578
Cash and cash equivalents at end of year		79,622	136,649

Notes to the financial statements
For the year ended 31 December 2022

1. General information

GPUK LLP is a limited liability partnership registered in England and Wales under the Companies' Act 2006. The address of the registered office is given on page 1. The nature of the Partnership's operations and its principal activities are set out on page 3.

These financial statements are presented in Pounds Sterling because that is the currency of the primary economic environment in which the Partnership operates.

2. Adoption of new and revised Standards

Amendments effective 1 January 2022

- Amendments to IAS 16 "Property, Plant and Equipment" - Proceeds before Intended Use adopted by the EU on June 28, 2021 (effective for annual periods beginning on or after January 1, 2022);
- Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" - Onerous Contracts — Cost of Fulfilling a Contract adopted by the EU on June 28, 2021 (effective for annual periods beginning on or after January 1, 2022);
- Amendments to various standards due to "Improvements to IFRSs (cycle 2018 -2020)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 9, IFRS 16 and IAS 41) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on June 28, 2021 (The amendments to IFRS 1, IFRS 9 and IAS 41 are effective for annual periods beginning on or after January 1, 2022. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.)

New and revised IFRSs that have been issued but are not yet effective and in some cases had not yet been adopted by the UK:

- IFRS 17 and Amendments to IFRS 17 (Effective for annual periods commencing on or after 1 January 2023
- Amendments to IAS 1 and IFRS Practice Statement 2 (Effective for annual periods commencing on or after 1 January 2023
- Amendment to IAS 12 and 8 (Effective for annual periods commencing on or after 1 January 2023)
- Amendment to IFRS 16 (Effective for annual periods commencing on or after 1 January 2024)

3. Significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with IFRSs issued by the IASB.

The financial statements have been prepared on the historical cost basis, except for financial assets that have been measured at fair value. All amounts are rounded to the nearest thousand unless otherwise stated. The principal accounting policies adopted are set out below.

Going concern basis

The financial statements have been prepared on a going concern basis. Having reviewed the financial projections of the Partnership, the Directors consider it can continue to trade and has sufficient cash resources to meet its financial obligations for a period of at least 12 months from the date of approval of these financial statements.

GPUK LLP continues to be a core part of the Group's activities and future plans. As at the date of signing of these financial statements, the entity's activities have continued to operate as the entity's business is essentially dependent on the consumer spending in the economy.

After considering the forecasts, the Partnership is expected to remain profitable. The members have therefore formed a judgement that there is a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. In forming this judgement, the members have considered the Partnership's ability to meet liabilities as they fall due. As such, the members continue to adopt the going concern basis in preparing the financial statements.

3. Significant accounting policies (continued)

Distribution policy

The Partnership's distribution policy is that distributable profits are distributed on a quarterly basis. Distributions are made to members having rights to a share of profit, of which only Global Payments U.K. Ltd qualifies, and distributed following the preparation of the quarter-end results. Distributable profits consist of statutory profit adjusted for the amortisation cost of non-software intangibles. Details of distributions made in the year are as per note 19 to the financial statements.

The Partnership is subject to and compliant with the FCA's minimum capital requirements.

Goodwill

Goodwill represents the excess of the cost of acquisition over the Partnership's interest in the fair value of the identifiable assets and liabilities at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill that is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Further details on the method of review are given in note 11.

Revenue recognition

Customers contract with Global Payments for payment services, which the Partnership provides in exchange for consideration for completed transactions. The Partnership's payment solutions enables its customers to accept card, electronic, cheque and digital-based payments. Global Payments' comprehensive offerings include, but are not limited to, authorisation services, settlement and funding services, customer support and help-desk functions, chargeback resolution, payment security services, consolidated billing and statements and on-line reporting. In addition, the Partnership rents point-of-sale terminals to customers.

Revenue is measured based on the consideration to which the Partnership expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Partnership recognises revenue when it transfers control of a product or service to a customer. The revenue comprises:

- Gross merchant service income: This represents all fees levied upon merchants for processing of transaction. Revenue is recognised overtime as a result of the stand ready obligation within merchant acquiring.
- Interchange fees: This represent fees paid to the cardholder bank typically on a transaction basis. The cost is netted against gross merchant services income.
- Scheme fees: This represents fees paid to the payment networks to facilitate payment services with merchants. The cost is netted against gross merchant services income.
- Equipment leasing and other income: Revenue is recognised overtime as a result of the stand ready obligation within merchant acquiring.

At contract inception, the Partnership assesses the goods and services promised in the contracts with customers and identifies a performance obligation for each promise to transfer to the customer a good or service that is distinct. For the payment services specifically, the nature of the promise to the customer is that the Partnership stands ready to process transactions the customer requests on a daily basis over the contract term. Since the timing and quantity of transactions to be processed by the Partnership is not determinable, Global Payments views payment services to comprise an obligation to stand ready to process as many transactions as the customer requests. Under a stand-ready obligation, the evaluation of the nature of the performance obligation is focused on each time increment rather than the underlying activities.

Therefore, the Partnership views payment services to comprise a series of distinct days of service that are substantially the same and have the same pattern of transfer to the customer. Accordingly, the promise to stand ready is accounted for as a single-series performance obligation.

The majority of the payment services are priced as a percentage of transaction value or a specified fee per transaction, depending on the card type. The Partnership also charges other per occurrence fees based on specific services that may be unrelated to the number of transactions or transaction value. Given the nature of the promise and the underlying fees based on unknown quantities or outcomes of services to be performed over the contract term, the total consideration is determined to be variable consideration. The variable consideration for the payment service is usage-based and, therefore, it specifically relates to the Partnership's efforts to satisfy its payment services obligation. The variability is satisfied each day the service is provided to the customer.

3. Significant accounting policies (continued)

Contract cost assets

The Partnership capitalises costs it incurs to obtain contracts with customers, including employee sales commissions and fees to business partners. At contract inception, such costs that are expected to be recovered and that would not have been incurred if the contract had not been obtained are capitalised. The Partnership also capitalises certain costs incurred to fulfil contracts with customers that (i) relate directly to the contract, (ii) are expected to generate resources that will be used to satisfy performance obligations under the contract and (iii) are expected to be recovered through revenue generated under the contract. Capitalised costs to obtain and to fulfil contracts were included within contract cost assets as at 31 December 2022 and 2021 (note 10).

Contract costs are amortised on a systematic basis consistent with the transfer to the customer of the goods or services to which the asset relates. A straight-line or proportional amortisation method is used depending upon which method best depicts the pattern of transfer of the goods or services to the customer. Contract costs are evaluated for impairment by comparing, on a pooled basis, the expected future net cash flows from underlying customer relationships to the carrying amount of the capitalised contract costs.

These assets are amortised over the expected period of benefit, which, based on the factors noted above, is typically seven years. In order to determine the appropriate amortisation period for capitalised contract costs, a combination of factors are considered, including customer attrition rates, estimated terms of customer relationships, the useful lives of technology used to provide goods and services to customers, whether future contract renewals are expected and if there is any incremental commission to be paid associated with a contract renewal. Costs to obtain a contract with an expected period of benefit of one year or less are recognised as an expense when incurred.

Foreign currencies

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, financial assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-financial assets and liabilities that are carried at fair value and are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. In the event that there are differences between amounts paid and payable they are recognised as accruals or prepayments in the balance sheet.

The Partnership provides defined contribution schemes where the costs arising are recognised in the Income Statement in the period in which the related service is provided.

Property, plant and equipment

Fixtures and equipment are stated at historical cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold improvements:	20% per year
Terminal estate:	25% per year
Fixtures and equipment:	20% - 50% per year

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in administrative expenses.

Intangible assets

Intangible assets are amortised over their estimated useful economic lives, and further impaired if necessary. The amortisation period for internally generated intangibles such as software and software development costs is 5 years, in line with the useful economic life. All other classes of intangible are acquired intangibles under IAS 38 and are amortised over their estimated useful lives, which are between 4 and 13 years.

3. Significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the LLP reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Partnership estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to a revised estimate of its recoverable amount, but so that this new estimate does not exceed the carrying amount that would have existed had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial Instruments

The Partnership has applied 'IAS 32, Financial instruments: Disclosure and presentation' and 'IFRS 9, Financial instruments' as outlined below:

Trade Receivables

Trade receivables do not carry interest and are stated at initial recognition at the transaction price and subsequently at amortised cost. Amortised cost is the initial amount, less repayments of principal, less reduction for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

Impairment of financial assets

The Partnership has adopted the simplified approach of 'IFRS 9, Financial instruments'. Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Trade and other payables

Trade and other payables are not interest bearing and are stated at initial recognition at their fair value and subsequently at amortised cost.

Notes to the financial statements
For the year ended 31 December 2022

3. Significant accounting policies (continued)

Leases

The Partnership assesses whether a contract is or contains a lease, at inception of the contract. The Partnership recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Partnership recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Partnership uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Partnership re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset.

The right-of-use assets are presented as a separate line in the balance sheet.

The Partnership applies IAS 36 to determine whether a right-of-use asset is impaired.

Operating profit

Operating profit is stated before finance costs.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Inventories

Inventories comprise terminals to be leased to merchant customers for the processing of transactions. Upon being leased to a merchant, the terminals are transferred to the 'terminal estate' within 'Property, plant and equipment'. They are stated at the lower of cost and net realisable value. Cost is calculated using the first in first out method.

Provision for liabilities

Provisions are recognised when the Partnership has a present obligation as a result of a past event, and it is probable that the Partnership will be required to settle that obligation. Provisions are measured at the members' best estimate of the expenditure required to settle the obligation at the balance sheet date.

3. Significant accounting policies (continued)

Change in presentation of cash and overdrafts

During the year ended 31 December 2022, the Group determined that under IAS 32 *Financial Instruments: Presentation*, cash and cash equivalents should not be presented net of overdrafts. Therefore, the prior period balances have been restated to be consistent with the presentation at 31 December 2022. The effect of this change was to increase cash and overdrafts by £113.3 million as at 31 December 2021 and £117.6 million as at 31 December 2020. This change in presentation did not affect net assets, profit for the year or the statement of cash flows for any period.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Partnership's accounting policies, which are described in note 3, the members are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Significant estimates and assumptions are described below. There are no significant judgements in accounting policies to describe.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future years if the revision affects both current and future years.

The FVTPL financial assets comprised of Visa Inc. preference shares. In determining the value of preference shares, the ordinary share's value has been used as an approximation as both classes of shares have similar dividend rights. A marketability discount has been estimated on the value of preference shares based on the illiquidity of preference shares of Visa Inc. Discount for illiquidity is determined by reference to the share price of listed entities in similar industries as 6%. The sensitivity of the carrying amounts to the methods, assumptions and estimates underlying their calculation are disclosed in note 20 of the financial statements.

Leases: if the Partnership cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Partnership would have to pay to borrow over similar terms which requires estimations when no observable rates are available. The Partnership estimates the IBR by using market interest rates and adjusting with entity specific estimates such as currency and country risk.

Notes to the financial statements
For the year ended 31 December 2022

5. Revenue

	31 December 2022 £ 000's	31 December 2021 £ 000's
Continuing operations		
Gross merchant service income	827,490	736,725
Less: interchange fees	(458,610)	(406,775)
Less: scheme fees	(204,602)	(193,223)
Net merchant service income	164,278	136,727
Equipment leasing income	12,263	12,124
Other commission income	30,426	28,547
	206,967	177,398

The geographical market that the Partnership operates in is the UK.

6. Operating profit

Profit for the year has been arrived at after charging/(crediting):

	31 December 2022 £ 000's	31 December 2021 £ 000's
Depreciation of property, plant and equipment	3,347	2,685
Loss on disposal of property, plant and equipment	83	63
Amortisation of intangible assets	1,736	2,315
Staff costs (note 8)	25,166	21,661
Depreciation of right-of-use assets	443	456

7. Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	31 December 2022 £ 000's	31 December 2021 £ 000's
Fees payable to the LLP's auditor for the audit of the LLP's annual financial statements	264	251

Fee's payable to the LLP's auditor of £42,000 (2021: £40,000) were made in relation to other assurance services (quarterly profit verification).

8. Staff costs

The Partnership has no employees. All staff are employed by Global Payments U.K. Ltd with the costs recharged to the Partnership on a monthly basis. The total recharge in relation to staff cost is £25,166,000 (2021: £21,661,000).

Notes to the financial statements
For the year ended 31 December 2022

9. Finance costs

	31 December 2022 £ 000's	31 December 2021 £ 000's
Finance costs	(358)	(543)
	(358)	(543)

10. Contract cost assets

	Total £ 000's
At 1 January 2021	7,583
Additions during the year	3,070
Released during the year	(1,908)
At 31 December 2021	8,745
Additions during the year	16,869
Released during the year	(3,767)
At 31 December 2022	21,847
Non-current assets	19,344
Current assets	2,503
At 31 December 2022	21,847

Contract cost assets consists of incremental commission expenses and signing bonuses in connection with obtaining sales contracts with customers.

Notes to the financial statements
For the year ended 31 December 2022

11. Goodwill

	31 December 2022 £ 000's	31 December 2021 £ 000's
Brought forward	289,954	289,954
Net realisable value	289,954	289,954

Goodwill recognised relates to the acquisition of the trade and assets of the HSBC Merchant Services division from HSBC Bank plc on 1 July 2008.

The Partnership tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. No impairment was identified in the reporting period (2021: £nil).

The recoverable amounts of the cash generating units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates (31 December 2022: 9%, 31 December 2021: 9%), growth rates (31 December 2022: 3% per year, 31 December 2021: 3% per year) and years over which cash flows are considered (31 December 2022: 5 years, 31 December 2021: 5 years).

The LLP prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on estimated growth rates, together with sensitivity analysis whereby growth rates are flexed. A reasonable shift in key assumptions does not result in an impairment of goodwill.

12. Other intangible assets

	Customer relationships £ 000's	Distribution channels £ 000's	Software £ 000's	Total £ 000's
Cost				
At 1 January 2022	115,056	12,746	12,394	140,196
Acquired during the year	-	-	2,461	2,461
At 31 December 2022	115,056	12,746	14,855	142,657
Amortisation				
At 1 January 2022	115,056	12,746	8,519	136,321
Charge for the year	-	-	1,736	1,736
At 31 December 2022	115,056	12,746	10,255	138,057
Carrying amount				
At 31 December 2021	-	-	3,875	3,875
At 31 December 2022	-	-	4,600	4,600

At 31 December 2022, the Partnership had no contractual commitments for the acquisition of intangibles (2021: £nil).

Notes to the financial statements
For the year ended 31 December 2022

13. Property, plant and equipment

	Leasehold improvements £ 000's	Terminal estate £ 000's	Other fixtures and equipment £ 000's	Total £ 000's
Cost				
At 1 January 2022	1,839	23,716	888	26,443
Additions	-	5,016	-	5,016
Disposals	-	(3,144)	-	(3,144)
At 31 December 2022	1,839	25,588	888	28,315
Accumulated depreciation				
At 1 January 2022	797	17,186	748	18,731
Charge for the year	368	2,930	50	3,347
Disposals	-	(2,881)	-	(2,881)
At 31 December 2022	1,164	17,235	798	19,197
Carrying amount				
At 31 December 2021	1,042	6,530	140	7,712
At 31 December 2022	675	8,353	90	9,118

At 31 December 2022, the Partnership had no contractual commitments for the acquisition of equipment (2021: £nil).

14. Inventories

	2022 £ 000's	2021 £ 000's
Terminals	3,649	5,367

No inventories were impaired at the year-end or written off during the year (2021: £nil).

15. Other financial assets

Trade and other receivables

	31 December 2022 £ 000's	31 December 2021 £ 000's
Trade receivables	27,348	24,226
Due from Global Payments Group – trade receivables	12,741	45,688
Settlement processing assets	210,126	107,431
Other receivables	561	149
	250,776	177,494

Total trade receivables held by the LLP at 31 December 2022 amounted to £27.3 million (2021: £24.2 million), and the members consider that the carrying amount of trade receivables approximates to their fair value.

Settlement processing assets

	31 December 2022 £ 000's	31 December 2021 £ 000's
Receivable from network	210,126	107,430
	210,126	107,430

Cash and cash equivalents

	31 December 2022 £ 000's	Restated 31 December 2021 £ 000's	Restated 31 December 2020 £ 000's
Cash and cash equivalents	216,707	249,948	224,165

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value. £6.4 million (2021: £8.2 million) is merchants' cash held as collateral and therefore not available to the company for use for operational purposes.

Reconciliation of cash and cash equivalents

	31 December 2022 £ 000's	Restated 31 December 2021 £ 000's	Restated 31 December 2020 £ 000's
Cash and cash equivalents per cash flow statement	79,622	136,649	106,579
Overdrafts (note 16)	137,085	113,300	117,586
Cash and cash equivalents per balance sheet	216,707	249,949	224,165

16. Other financial liabilities

Bank overdraft

Trade and other payables

	31 December 2022 £ 000's	Restated 31 December 2021 £ 000's	Restated 31 December 2020 £ 000's
Overdrafts	137,085	113,300	117,586
	137,085	113,300	117,586

Overdrafts include amounts outstanding for the Partnership's line of credit facilities.

Trade and other payables

	31 December 2022 £ 000's	Restated 31 December 2021 £ 000's	Restated 31 December 2020 £ 000's
Trade creditors	15,533	559	1,228
Accruals	10,044	22,635	23,131
Other payables	5,341	3,086	2,950
Settlement processing payables	260,968	184,963	172,219
Due to Global Payments Group – trade payables	6,007	4,741	(3,711)
Due to Global Payments U.K. Ltd – distribution payable	-	24,269	29,061
	297,893	240,253	224,876

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Partnership has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The members consider that the carrying amount of trade payables approximates to their fair value.

All financial liabilities are payable within three months of the balance sheet date, including merchant deposits of £16.3m (2021: £16.6m), classified within settlement processing payables which are repayable on demand.

Reconciliation of financial liabilities to net cash used in financing activities

	Total £ 000's
Due to Global Payments U.K. Ltd at 01 January 2022	24,269
Statutory profit payable for the year	123,981
Distributions and repayments of capital to members	(148,250)
Due to Global Payments U.K. Ltd at 31 December 2022	-

Notes to the financial statements
For the year ended 31 December 2022

Settlement processing payables

	31 December 2022 £ 000's	31 December 2021 £ 000's
Liability to Merchants	266,147	182,671
Interchange reimbursement	(16,074)	(13,573)
Exception items	(5,436)	(713)
Merchant reserves	16,331	16,578
	260,968	184,963

Timing differences, interchange fees, merchant reserves and exception items cause differences between the amount received from the payment networks and the amount funded to the merchants. These intermediary balances arising in our settlement process for direct merchants are reflected as settlement processing assets and obligations on the balance sheet and are disclosed above as liabilities to merchants.

17. Provisions for liabilities

The following provisions have been recognised under IFRS 9, due to uncertainties around the amount and timing of these outflows.

	Chargeback provision £ 000's	Restructuring provision £ 000's	Total £ 000's
Provision as at 1 January 2021	699	500	1,199
Provision utilised during the year	(1,021)	(5,003)	(6,024)
Provision released during the year	-	-	-
Transactions provided against during the year	334	4,503	4,837
Provision as at 31 December 2021	12	-	12
Provision utilised during the year	(134)	(6,910)	(7,044)
Provision released during the year	-	-	-
Transactions provided against during the year	171	6,938	7,109
Provision as at 31 December 2022	49	28	77

The chargeback provision relates to the risk that the Partnership may be liable for the chargebacks of transactions on merchants who are potentially unable to meet the chargeback demand themselves.

The restructuring provision relates to a re-organisation programme, and includes costs in relation to redundancies and exiting properties.

18. Leases

Right-of-use assets

The Partnership leases several assets including property and equipment. The average lease term is 10 years for property and 5 years for equipment (2021: 10 years for property, 5 years for equipment)

The Partnership does not have an option to purchase the leased property and equipment at the expiry of the lease periods.

	Land & Buildings £000's	Equipment £000's	Total Right-of-Use Assets £000's
Cost			
As at 1 January 2022	3,563	361	3,924
Additions	96	3	100
Disposals	-	-	-
As at 31 December 2022	3,659	365	4,024
Accumulated depreciation and impairment			
As at 1 January 2022	1,344	225	1,569
Charge for the year	392	51	443
As at 31 December 2022	1,736	276	2,012
Carrying amount			
As at 31 December 2021	2,219	136	2,355
As at 31 December 2022	1,923	89	2,012

18. Leases (continued)

Lease liabilities

	31 December 2022 £000's	31 December 2021 £000's
Total undiscounted minimum lease payments payable in settlement of lease liabilities	2,664	3,199
Less: future finance charges	(303)	(402)
Present value of lease obligations	2,361	2,797
Less amounts included in current liabilities	(353)	(339)
Amounts included in non-current liabilities	2,008	2,458

	31 December 2022 £000's	31 December 2021 £000's
Current lease liabilities	353	339
Non-current lease liabilities	2,008	2,458

Notes to the financial statements
For the year ended 31 December 2022

18. Leases (continued)

Liquidity risk

	Net Cash Outflows £000's
Ageing of lease liability	
31 December 2023	439
31 December 2024	449
31 December 2025	418
31 December 2026	418
31 December 2027	418
31 December 2028	418
31 December 2029	104

	31 December 2022 £000's	31 December 2021 £000's
Net Cash Outflows		
Within 1 year	439	536
Between 1 and 5 years	1,702	1,723
Over 5 years	522	940
	2,663	3,199

19. Members' interests

	Total £ 000's
Balance as at 01 January 2022	399,743
Statutory profit for the year	125,339
Distributions, paid and committed, of statutory profit for the year	(158,260)
Balance as at 31 December 2022	366,822
Capital account – Global Payments U.K. Ltd	366,822

Global Payments U.K. 2 Ltd is a non-equity holding member of GPUK LLP. As such, it has no capital account and receives no distributions from the Partnership.

The Partnership is subject to and compliant with the FCA's minimum capital requirements.

Notes to the financial statements
For the year ended 31 December 2022

20. Financial assets at FVTPL

Pursuant to the sale of Visa Europe Limited to Visa Inc., GPUK LLP was entitled consideration in the form of upfront cash amounting to €25.6 million, deferred cash amounting to €2.4 million and preference shares with a fair value at 31 December 2022 of £5.2 million (2021: £10.2 million).

As at 31 December 2022, only preference shares are classified as FVTPL financial assets. The decrease in the fair value of the financial asset of £53k during the year ended 31 December 2022 has been recognised in the profit and loss account.

The value of the Visa Inc. preference shares is based on the expected conversion ratio, which will be adjusted by Visa Inc. based on the potential losses from Visa Europe interchange litigation under the Litigation Management Deed ('LMD'). Any excess of potential losses from Visa Europe interchange litigation under a Loss Sharing Agreement ('LSA') would be capped at the €25.6m of up-front cash consideration. The uncertainties inherent in the determination of the fair value of the Visa Inc. preference shares will not be resolved until the final resolution of all related claims. The possibility of aforementioned potential losses exceeding the consideration is remote.

These preference shares are classified as Level 3 instruments in accordance with IFRS 13, 'Fair Value Measurement', as the valuation is determined using a combination of observable and unobservable inputs. As the ordinary share price is readily available, this input is deemed to be observable. However, assumptions have been made in respect of the illiquidity adjustment to the share price (note 4). These inputs are therefore deemed to be unobservable, with fair value impact detailed below.

Financial assets / financial liabilities	Fair value as at 31 December 2022	Fair value as at 31 December 2021	Fair value hierarchy	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Financial assets	£5,168,683	£10,206,069	Level 3	Discount for illiquidity is determined as 6% by reference to the share price of listed entities in similar industries.	An increase of 1% in the discount for illiquidity used in isolation would result in a decrease of £54,986 in the fair value.
				Litigation discount has been determined as 41% by benchmarking rates adopted by similar entities.	An increase of 1% in the discount for litigation used in isolation would result in a decrease of £87,602 in the fair value.

21. Notes to the cash flow statement

	31 December 2022 £ 000's	31 December 2021 £ 000's
Operating profit	120,703	121,226
Depreciation of property, plant and equipment	3,347	2,685
Loss on disposal of plant, property and equipment	263	63
Amortisation of intangible assets	1,736	2,315
(Increase)/decrease in contract cost assets	(11,846)	84
Decrease/(increase) in provisions	65	(1,186)
Depreciation of right-of-use assets	443	456
Operating cash flows before movements in working capital	114,711	125,642
Decrease/(increase) in inventories	1,718	(86)
Increase in trade receivables	(73,282)	(6,500)
Increase in contract cost assets	(1,256)	(1,247)
Decrease in prepayments	44	7
Increase in trade and other payables	57,638	15,387
Interest lease payments	(99)	(112)
Interest paid	(358)	(543)
Net cash inflow generated from operating activities	99,115	132,491

22. Risk management

The Partnership's risk management activities involve analysis, evaluation, acceptance and management of risks.

The most significant risks arising are credit risk, liquidity risk and market risk. Market risk comprises primarily foreign exchange risk.

The Partnership has fraud management policies in place throughout the organisation.

The management of these risks in relation to the merchant acquiring business is discussed below.

Credit risk management

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract.

With specific regard to merchant acquiring, it arises primarily from the risk of chargebacks. The Partnership has standards, policies and procedures dedicated to monitoring and managing risk.

The Partnership's credit risk is managed using the following methodology:

Task	Purpose
Identify	Investigate and understand the merchant's business, products and terms of trade.
Monitor	Monitor material changes in exposure for the extant book.
Assess	Calculate the card acquiring chargeback risk based upon the identified risks.
Address	Balance risk and reward, structure the facility and reach a credit decision.

The risk calculation is driven by the assessment of the proportion of the merchant's annual card turnover that relates to specific factors such as prepayments, continuing services and 'cardholder not present' transactions.

The maximum exposure to credit risk on financial assets at 31 December 2022 was £352m (2021: £314m).

Where appropriate the Partnership's credit and risk department works in conjunction with and alongside the HSBC Bank plc's credit and risk function to assess, address and manage merchant-related risk and monitor exposure as part of the Partnership's wider customer portfolio risk management.

The credit quality of financial assets of the Partnership are below:

	31 December 2022 £ 000's	31 December 2021 £ 000's
Stage 1 assets	250,776	177,494
Stage 2 and Stage 3 assets	-	-

Market risk management

The Partnership's balance sheet at 31 December 2022 primarily comprises assets and liabilities denominated in Pounds Sterling and, as such, it is not exposed significantly to currency risk.

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

Notes to the financial statements
For the year ended 31 December 2022

22. Risk management (continued)

	Assets 31 December 2022 £ 000's	Assets 31 December 2021 £ 000's
Foreign Currency	(6,519)	(8,596)

The Partnership is not exposed to any significant levels of interest rate risk.

A 10% adverse movement in each of the foreign currency exchange rates would result in an increase of £593k in the value of the assets at the reporting date. This is considered a reasonable approximation of possible changes.

IBOR reform

The Group is not exposed to any significant levels of risk as a result of the interest rate benchmark reform, as there are no financial instruments indexed to IBOR.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the members, who have built an appropriate liquidity risk management framework for the management of short, medium and long-term funding. The Partnership manages liquidity risk by, firstly, maintaining adequate reserves, banking facilities and reserve borrowing facilities and, secondly, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Capital risk management

The Partnership manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the members through application of its distribution policy. The capital structure of the Partnership consists of cash and cash equivalents and members' interests in the Partnership.

Financial instruments

As at 31 December 2022, the Partnership's balance sheet included the following financial instruments:

Financial assets	Amortised Cost £ 000's	FVTPL £ 000's	Total £ 000's
Cash and cash equivalents	216,707	-	216,707
Trade receivables and other receivables	250,776	-	250,776
Financial assets at FVTPL	-	5,169	5,169
	467,483	5,169	472,652

Financial liabilities	Amortised Cost £ 000's	Total £ 000's
Bank overdraft	(137,085)	(137,085)
Trade and other payables	(297,893)	(297,893)
	(434,978)	(434,978)

Notes to the financial statements
For the year ended 31 December 2022

22. Risk management (continued)

Financial instruments (continued)

As at 31 December 2021, the Partnership's balance sheet included the following financial instruments:

Financial assets	**Amortised Cost £ 000's**	**FVTPL £ 000's**	**Total £ 000's**
Cash and cash equivalents	249,948	-	249,948
Trade receivables and other receivables	177,494	-	177,494
Financial assets at FVTPL	-	10,206	10,206
	427,442	10,206	437,648

Financial liabilities	**Amortised Cost £ 000's**	**Total £ 000's**
Trade and other payables	(353,553)	(353,553)
	(353,553)	(353,553)

All liabilities are held on an amortised cost basis at 31 December 2022 and 31 December 2021.

The following tables present a maturity analysis of the Partnership's total financial assets and liabilities at the reporting date.

As at 31 December 2022	**Not more than three months £ 000's**	**More than three months but not more than one year £ 000's**	**More than one year but not more than five years £ 000's**	**More than five years £ 000's**	**Total £ 000's**
Financial assets					
Cash and cash equivalents	216,707	-	-	-	216,707
Trade receivables and other receivables	250,776	-	-	-	250,776
Financial assets at FVTPL	5,169	-	-	-	5,169
Total financial assets	472,652	-	-	-	472,652
Financial liabilities					
Trade and other payables	434,978	-	-	-	434,978
Total financial liabilities	434,978	-	-	-	434,978
Gap	37,674	-	-	-	37,674
Cumulative gap	37,674	37,674	37,674	37,674	37,674

Notes to the financial statements
For the year ended 31 December 2022

22. Risk management (continued)

Financial instruments (continued)

As at 31 December 2021	Not more than three months £ 000's	More than three months but not more than one year £ 000's	More than one year but not more than five years £ 000's	More than five years £ 000's	Total £ 000's
Financial assets					
Cash and cash equivalents	249,948	-	-	-	249,948
Trade receivables and other receivables	177,494	-	-	-	177,494
Financial assets at FVTPL	10,206	-	-	-	10,206
Total financial assets	437,648	-	-	-	437,648
Financial liabilities					
Trade and other payables	353,553	-	-	-	353,553
Total financial liabilities	353,553	-	-	-	353,553
Gap	84,095	-	-	-	84,095
Cumulative gap	84,095	84,095	84,095	84,095	84,095

Notes to the financial statements
For the year ended 31 December 2022

23. Related party transactions

Transactions between the Partnership and its associates are disclosed below.

The ultimate parent is Global Payments Inc., a company incorporated in the United States of America. The immediate parent undertaking is Global Payments U.K. Ltd, a company incorporated in England and Wales.

The parent undertakings of the largest and smallest groups in which the Partnership is consolidated are Global Payments Inc. and Global Payments U.K. Ltd respectively. Copies of these consolidated financial statements may be obtained from Global Payments, Inc., 3550 Lenox Rd NE #3000, Atlanta, GA 30326 and Global Payments U.K. Ltd, Granite House, Granite Way, Syston, Leicester, LE7 1PL, respectively.

Trading transactions
During the year, the Partnership entered into the following trading transactions with related parties:

	Purchase of goods and services		Amounts owed to related parties		Amounts owed by related parties	
	2022	2021	2022	2021	2022	2021
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Global Payments U.K. Ltd	26,443	20,965	229	171	-	-
Global Payments Inc.	-	-	1,726	1,414	-	-
Global Payments Europe s.r.o.	-	-	-	-	886	5,366
GPC Financial Corporation	-	-	-	26,651	72	-
Global Payments Asia-Pacific Limited	-	-	-	-	9,159	10,208
Global Payments Australia Pty Ltd	-	-	3,343	-	-	27,726
Global Payments Card Processing Malaysia Sdn. Bhd	-	-	-	583	208	-
Bleep (UK) plc	-	-	-	-	2,385	2,314
Touchnet Information Systems, Inc.	-	-	-	-	25	-
Total System Services Europe Processing Ltd	-	-	710	192	6	-
Ezidebit PTY	-	-	-	-	-	74

The amounts outstanding are unsecured, not interest bearing and will be settled in cash/on demand. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

All related parties have a common ultimate controlling party.

24. Events after balance sheet date

As at the date of signing of these financial statements, there are no subsequent events to report.