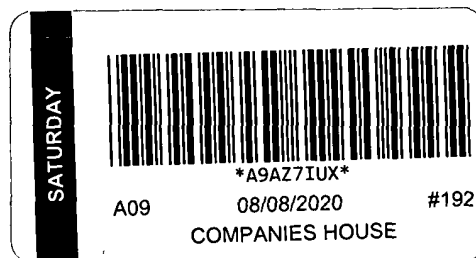


Registration number: 06135586

Equiniti Global Payments Limited

Annual Report and Financial Statements

for the year ended 31 December 2019



Equiniti Global Payments Limited

Registration number: 06135586

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Equiniti Global Payments Limited

Registration number: 06135586

Company information

Directors	S Wadey
	G Wakeley
Company secretary	K Cong
Registered office	Elder House, St Georges Business Park Brooklands Road Weybridge Surrey KT13 OTS
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors The Portland Building 25 High Street Crawley West Sussex RH10 1BG

Equiniti Global Payments Limited

Registration number: 06135586

Strategic report for the year ended 31 December 2019

The directors present their strategic report for Equiniti Global Payments Limited for the year ended 31 December 2019.

General information

Equiniti Global Payments Limited (the "Company") is a private company limited by shares, incorporated and domiciled in England and Wales.

The Company is a wholly owned subsidiary of Equiniti Holdings Limited which is part of the Equiniti Group plc group of companies (the "Group"). The Group comprises Equiniti Group plc, which is listed on the London Stock Exchange, and its subsidiary companies as listed in note 4.4 of the Equiniti Group plc consolidated financial statements for the year ended 31 December 2019. Copies of these financial statements are available from the locations listed in note 17 of the notes to these financial statements.

The registered office address of the Company is:

Elder House, St Georges Business Park
Brooklands Road
Weybridge
Surrey
KT13 OTS

Principal activity

The principal activity of the Company is the provision of domestic and international payment services through the Group's web based technology solution, PayFac. The Company is regulated by the Financial Conduct Authority ("FCA") and is permitted to issue electronic money and provide payment services. The Company does not have any minimum regulatory capital requirements.

Review of the business

In July 2018, all customer contracts were novated to a fellow Group company, Paymaster (1836) Limited, due to a Group divisional restructure. Therefore the Company's results from 2018 reflected only 6 months of trading. Subsequently on 1 July 2019, the Company purchased the trade and assets of the Group's domestic and international payments business from Paymaster (1836) Limited for consideration of £18,512,000, as part of an internal Group restructure. The purchase of the domestic and international payments business was treated as a common control transaction. This gave rise to the creation of a reserve account for the excess consideration paid over the value of the net assets of the acquired business. The amount recognised in equity was a reduction of £17,000,000 with a corresponding increase to amounts due to fellow Group companies.

In 2019, the Company won a notable contract with Lloyds Banking Group, demonstrating the Company's potential to win work with larger organisations. The Company also began a new partnership with SWIFT, the global provider of secure financial messaging services. As part of this collaboration the Company joined the SWIFT alliance, which delivers the widest and most cost effective range of products and services for payments.

The Company's key financial performance indicators are revenue and EBITDA, which reconcile to profit before income tax as follows:

	2019 £ 000	2018 £ 000
Revenue	6,952	1,078
Administrative costs	(5,048)	(235)
EBITDA*	1,904	843
Depreciation, amortisation and net finance costs	(135)	(45)
Profit before income tax	1,769	798

*EBITDA is defined as profit before interest, tax, depreciation and amortisation. EBITDA is the performance measure used by the Company which the directors feel best reflects the sustainable operating performance of the business.

Revenue has increased significantly from 2018. This was mainly a result of the domestic and international payments business acquired from a fellow Group company in July 2019 and a significant software licence sale which took place in December 2019. Additionally the 2018 results only reflected six months of trading before customer contracts were novated.

The Company continues to invest in its PayFac technology, which is reflected in the increase in software assets during the year.

Equiniti Global Payments Limited

Registration number: 06135586

Strategic report for the year ended 31 December 2019 (continued)

Future developments

The Company has a clear growth strategy and target market, supported by effective product management to:

- Enhance the platform to support the needs of existing clients and expand market opportunities
- Ensure compliance with regulatory requirements.

The Company will continue to invest in the platform and partnerships in order to provide clients with increased choice.

As a result of the Covid-19 pandemic, the Group's priorities have been to support and protect the safety and welfare of the Group's employees, which includes those contracted to work for this Company, and continuing to support the Company's customers. The Group's response has involved a rapid and coordinated demobilisation of sites and an almost complete transition to home-working. Whilst the Company's services have largely been unaffected, the directors anticipate a slowdown in trading in 2020 due to the current economic climate. The Company is proactively managing its cost base, with all non-essential capital spend and discretionary costs suspended.

Principal risks and uncertainties

The principal risks and uncertainties, together with the development, performance and position, and an analysis using key performance indicators of the Group, which include those of the Company and the Group, are discussed in the strategic report within Equiniti Group plc's annual report.

Approved by the Board on 3 August 2020 and signed on its behalf by:

G Wakeley
Director



Company registration number: 06135586

Equiniti Global Payments Limited

Registration number: 06135586

Directors' report for the year ended 31 December 2019

The directors present their report and the audited financial statements for the Company for the year ended 31 December 2019.

Directors of the Company

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

H Cayley (appointed 29 January 2019 and resigned 4 October 2019)

N Kinnon (resigned 26 April 2019)

L McGrath (appointed 29 January 2019 and resigned 31 March 2019)

J Millam (resigned 29 January 2019)

T Prins (resigned 29 January 2019)

S Sangar (appointed 29 January 2019 and resigned 29 July 2020)

G Wakeley

The following director was appointed after the year end:

S Wadey (appointed 17 June 2020)

Review of the business and future developments

The Company's results, future developments and principal risks and uncertainties are discussed in the strategic report on pages 2 to 3.

Dividends

The directors do not recommend a final dividend for the year ended 31 December 2019 (2018 - £nil).

Financial instruments

Objectives and policies

The Company has exposure to credit risk and liquidity risk from its use of financial instruments. Risk management policies are established for the Company, by the Group, and the Group's Risk and Audit Committees oversee how management monitors compliance with these policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Risk and Audit Committees are assisted in their oversight role by the Group's internal audit function which undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group's Audit Committee.

Credit risk and liquidity risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company requires customers to prefund transactions which mitigates the risk of default from a customer. Other receivables due from fellow Group companies have a low credit risk as the Group has adequate resources to support its subsidiaries and intercompany balances are net settled on a regular basis.

The Company only deposits cash and cash equivalents with banks and financial institutions with credit ratings above a defined level assigned by international credit-rating agencies. Ratings are monitored regularly by the Group's treasury function.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that the Company will have sufficient funds to meet its liabilities when due. Many of the costs of the Company are primarily variable and therefore sufficient cash generated from revenues should always be available to meet its costs.

Equiniti Global Payments Limited

Registration number: 06135586

Directors' report for the year ended 31 December 2019 (continued)

Going concern

The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Whilst the Covid-19 pandemic is expected to impact the Company's future financial performance, the directors do not expect the Company to experience difficulties in satisfying its liabilities as they fall due.

The Company benefits from the Group's cash pooling arrangement which requires surplus cash to be consolidated in a central holding company to improve the Group's fund management. This cash is held on demand by the central holding company and the Company's portion of this balance is available for the Company to meet its liabilities as they fall due. The balance is recognised within amounts due from Group undertakings and can be repaid at any time on request of the Company.

The directors have received assurance from Equiniti Group plc, as the ultimate parent company, that the Group will not request settlement of any outstanding amounts due to fellow Group companies if this would prevent the Company from being a going concern. For this reason, they continue to adopt the going concern basis in preparing these financial statements.

Non adjusting events after the reporting date

The Covid-19 pandemic has evolved rapidly during 2020. As an online payments business, the directors do not expect there to be any impact to the services offered, however they do anticipate an impact on the Company's financial performance in 2020 due to a slowdown in trading. Given the uncertainty around the full implications of Covid-19, it is not possible to reliably estimate the financial impact on the Company's financial performance in 2020.

Directors' liabilities

The directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. Directors' and officers' liability insurance has been purchased by the Company's ultimate parent company, Equiniti Group plc. The insurance does not provide cover in the event that a director is proved to have acted fraudulently. Indemnity insurance is maintained for the Company's directors and officers against liability in respect of proceedings brought by third parties, subject to the terms and conditions of the Companies Act 2006.

Disclosure of information to the auditors

Each director who held office at the date of approval of this Directors' report confirms that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company has been approved at the latest Annual General Meeting of Equiniti Group plc.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Equiniti Global Payments Limited

Registration number: 06135586

Directors' report for the year ended 31 December 2019 (continued)

Approved by the Board on 3 August 2020 and signed on its behalf by:


G Wakeley
Director

Company registration number: 06135586

Equiniti Global Payments Limited

Registration number: 06135586

Independent auditors' report to the members of Equiniti Global Payments Limited

Report on the audit of the financial statements

Opinion

In our opinion, Equiniti Global Payments Limited's (formerly TransGlobal Payment Solutions Limited's) financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income; the statement of changes in equity for the year then ended; and the notes to the financial statements which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the strategic report and directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Equiniti Global Payments Limited

Registration number: 06135586

Independent auditors' report to the members of Equiniti Global Payments Limited (continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities, as set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



.....
Darren Meek (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick

Date: 3 August 2020
.....

Equiniti Global Payments Limited

Registration number: 06135586

Statement of comprehensive income for the year ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Revenue		6,952	1,078
Administrative costs	3	(5,048)	(235)
Depreciation of property, plant and equipment	8	(1)	(1)
Amortisation of intangible assets	9	(135)	(44)
Finance income		<u>1</u>	<u>-</u>
Profit before income tax		1,769	798
Income tax expense	7	<u>(339)</u>	<u>(150)</u>
Profit and total comprehensive income for the financial year		<u><u>1,430</u></u>	<u><u>648</u></u>

The notes on pages 12 to 23 form an integral part of these financial statements.

Equiniti Global Payments Limited

Registration number: 06135586

Statement of financial position as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
Assets			
Non-current assets			
Property, plant and equipment	8	3	-
Intangible assets	9	970	124
Deferred tax assets	7	1	-
		<u>974</u>	<u>124</u>
Current assets			
Trade and other receivables	11	2,531	4,957
Contract fulfilment assets		2,245	-
Cash and cash equivalents	12	3	-
		<u>4,779</u>	<u>4,957</u>
Total assets		<u>5,753</u>	<u>5,081</u>
Liabilities			
Non-current liabilities			
Deferred tax liabilities	7	-	1
Current liabilities			
Bank overdraft		-	1
Trade and other payables	13	16,423	70
Income tax liability		335	444
		<u>16,758</u>	<u>515</u>
Total liabilities		<u>16,758</u>	<u>516</u>
Net (liabilities)/assets		<u>(11,005)</u>	<u>4,565</u>
Equity			
Share capital	14	1,625	1,625
Share premium	15	261	261
Other reserves	15	(17,000)	-
Capital contribution reserve	15	3	3
Retained earnings		4,106	2,676
Total equity		<u>(11,005)</u>	<u>4,565</u>

The financial statements on pages 9 to 23 were approved by the Board on 3 August 2020 and signed on its behalf by:

G Wakeley
Director

Company registration number: 06135586



The notes on pages 12 to 23 form an integral part of these financial statements.

Equiniti Global Payments Limited

Registration number: 06135586

Statement of changes in equity for the year ended 31 December 2019

	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Capital contribution reserve £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2019	1,625	261	-	3	2,676	4,565
Profit and total comprehensive income for the financial year	-	-	-	-	1,430	1,430
Acquisition of business	-	-	(17,000)	-	-	(17,000)
At 31 December 2019	<u>1,625</u>	<u>261</u>	<u>(17,000)</u>	<u>3</u>	<u>4,106</u>	<u>(11,005)</u>

	Share capital £ 000	Share premium £ 000	Other reserves £ 000	Capital contribution reserve £ 000	Retained earnings £ 000	Total equity £ 000
At 1 January 2018	1,625	261	-	3	2,028	3,917
Profit and total comprehensive income for the financial year	-	-	-	-	648	648
At 31 December 2018	<u>1,625</u>	<u>261</u>	<u>-</u>	<u>3</u>	<u>2,676</u>	<u>4,565</u>

The notes on pages 12 to 23 form an integral part of these financial statements.

Equiniti Global Payments Limited

Registration number: 06135586

Notes to the financial statements for the year ended 31 December 2019

1 Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss and in accordance with the Companies Act 2006, as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or estimation and which are significant to the financial statements, are disclosed in note 2.

These financial statements are presented in British Pounds ("£") which is the Company's functional currency.

Summary of disclosure exemptions

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

- IAS 1 Presentation of Financial Statements, paragraphs:
 - 10(d) - Statement of cash flows
 - 16 - Statement of compliance with all IFRS
 - 38B-D - Additional comparative information in respect of IAS 16 Property, Plant and Equipment paragraph 73(e) and IAS 38 Intangible Assets paragraph 118(e)
 - 134 to 136 - Capital management disclosures
- IAS 7 Statement of Cash Flows
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, paragraphs 30 and 31 - New standards issued but not yet effective
- IAS 24 Related Party Disclosures, paragraphs 17 and 18A - Certain key management personnel information and related party disclosures with transactions entered into between wholly owned group companies
- IAS 36 Impairment of Assets, paragraphs 134(d) to 134(f) and 135(c) to 135(e) - Key assumptions and estimates used to measure value in use of cash-generating units
- IFRS 7 Financial Instruments: Disclosures
- IFRS 13 Fair Value Measurement, paragraphs 91 to 99 - Valuation techniques and inputs used for fair value measurement of assets and liabilities
- IFRS 15 Revenue from Contracts with Customers, paragraphs 110, 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 - Detailed revenue disclosures

Going concern

The directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Whilst the Covid-19 pandemic is expected to impact the Company's future financial performance, the directors do not expect the Company to experience difficulties in satisfying its liabilities as they fall due.

The Company benefits from the Group's cash pooling arrangement which requires surplus cash to be consolidated in a central holding company to improve the Group's fund management. This cash is held on demand by the central holding company and the Company's portion of this balance is available for the Company to meet its liabilities as they fall due. The balance is recognised within amounts due from Group undertakings and can be repaid at any time on request of the Company.

The directors have received assurance from Equiniti Group plc, as the ultimate parent company, that the Group will not request settlement of any outstanding amounts due to fellow Group companies if this would prevent the Company from being a going concern. For this reason, they continue to adopt the going concern basis in preparing these financial statements.

Equiniti Global Payments Limited

Registration number: 06135586

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

New standards, interpretations and amendments

There are no standards, interpretations and amendments effective for the first time from 1 January 2019 that had a material effect on the financial statements.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Office equipment	3 - 4 years
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Intangible assets

Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design, development and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs, an appropriate portion of relevant overheads and external consultancy costs. Other development related costs that are not directly attributable or do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised software also includes purchased licences when the expenditure satisfies the recognition criteria in IAS 38 Intangible Assets. These items are capitalised at cost and amortised on a straight line basis over their useful economic life or the term of the contract.

Amortisation

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of the assets and from the date they are available for use. The estimated useful lives are as follows:

Software	3 - 5 years
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Business combinations

The net assets acquired from a fellow Group company under common control are recognised at book values. Any difference between the amount of the consideration paid and the net assets acquired is recognised in other reserves.

Equiniti Global Payments Limited

Registration number: 06135586

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Impairment of non-financial assets

Assets that have an indefinite useful life, for example intangible assets not ready for use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Trade receivables

Trade receivables represent amounts invoiced to customers, but not yet paid. Trade receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit losses. Expected credit losses are recognised using the simplified approach as set out in IFRS 9 Financial Instruments and consequently loss allowances are measured at an amount equal to the lifetime expected credit loss. The expected credit loss model applies a percentage, based on an assessment of historical default rates and certain forward looking information, against receivables that are grouped into certain age brackets. Where there is objective evidence that the Company will not be able to collect any amounts due according to the original terms of the agreement with the customer, the receivable is fully impaired and the loss is recognised within administrative costs in the statement of comprehensive income.

Amounts due from Group undertakings

Amounts due from Group undertakings are stated initially at fair value and subsequently measured at amortised cost using the effective interest method, less provisions for impairment. Provisions for impairment are recognised using the simplified approach as set out in IFRS 9 and consequently loss allowances are measured at an amount equal to the lifetime expected credit loss. Balances are unsecured and repayable on demand.

Contract fulfilment assets

When software or services are supplied to a customer before an invoice is issued, a contract fulfilment asset is recognised in the statement of financial position, and represents the right to receive consideration from the customer for goods or services delivered. The asset is measured as the fair value of the goods or services supplied. The Company's contracts with customers often include a payment schedule which determines when invoices are raised, and settlement is received, during the contractual term.

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 Company's cash management are recognised within current liabilities in the statement of financial position.

Customer cash

The Company holds certain balances with banks in a number of segregated accounts in the course of providing services to its clients. These balances are appropriately not included in the Company's statement of financial position as they are held to complete these tasks and are not available for use by the Company for its own purposes.

Equiniti Global Payments Limited

Registration number: 06135586

Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Financial instruments

A financial asset or financial liability is only recognised in the statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Classification and measurement

The Company's financial assets, which includes trade and other receivables (excluding prepayments) and contract fulfilment assets, are initially recognised at fair value plus transactions costs that are directly attributable to the acquisition of the financial asset. They are subsequently measured at amortised cost, less expected credit losses.

The Company classifies debt and equity instruments as either financial liabilities or as equity, in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of the Company, after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Under IAS 32 Financial Instruments: Presentation, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company 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 Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company'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.

The Company's financial liabilities are classified and measured at amortised cost using the effective interest method.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to receive cash flows from the financial asset expire or have been transferred, and the Company has transferred substantially all the risks and rewards of ownership.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Trade payables

Trade and other payables represent liabilities for goods and services received by the Company prior to the end of the financial year which are unpaid. The amounts within trade and other payables are unsecured. Trade and other payables are recognised initially, at fair value and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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Notes to the financial statements for the year ended 31 December 2019 (continued)

1 Accounting policies (continued)

Revenue recognition

Revenue, which excludes sales tax, represents the value of software supplied and services provided under contract to customers in the United Kingdom. Contract revenue is measured as the fair value of the consideration receivable for software provided and services performed. Revenue is recognised either at a point in time, or over time, as the Company satisfies contractual performance obligations and transfers promised goods or services to its customers.

Revenue recognised for services delivered, but not yet invoiced, is reflected in the statement of financial position within contract fulfilment assets.

Professional services

Revenue from fixed-price contracts such as implementation services, which may span a number of years, is recognised rateably over the expected life of the contract, where the Company satisfies the over time revenue recognition criteria. Where the Company provides staff to customers at hourly or daily rates, revenue is recognised on the basis of time worked. When the over time criteria are not satisfied such as for software sales, the Company recognises revenue at a point in time when the goods and contractual performance obligations are delivered.

Software sales, hosting and support services

Revenue for software licences is recognised at a point in time when the licences are delivered to the customer, as this results in the customer having the right to use the licence, and therefore the performance obligation is delivered in full. Revenue for implementation, hosting and support services are recognised rateably over the term of the agreement.

When products are bundled together for the purpose of sale, the associated revenue net of all applicable discounts, is allocated between the constituent performance obligations on a relative fair value basis.

Transactional revenue

Transactional revenue represents transaction fees and commission earned on processing domestic and international payments. Revenue is recognised at a point in time when the processing of the related transactions takes place and the cash has been transferred to its destination.

Finance income

Finance income comprises interest receivable on own funds. Interest receivable is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

Tax

Tax on the result for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The Company is a member of the Equiniti Group plc tax group in which all eligible Group company's taxable profits and losses are group relieved. All eligible Group companies share liability for the Groups overall tax liability and record their own share of tax payable or receivable at the reporting date. The balance is subsequently paid to or received from a fellow Group company or settled via the intercompany account.

Current tax is the expected tax payable on the taxable profits for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

2 Critical accounting judgements and key sources of estimation uncertainty

There are no significant accounting estimates or judgements within these financial statements.

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Notes to the financial statements for the year ended 31 December 2019 (continued)

3 Administrative costs

Expenses by nature:	2019 £ 000	2018 £ 000
Net staff costs recharged from fellow Group companies	1,051	191
Staff costs capitalised in respect of software development	(82)	-
Direct costs	2,574	37
Bought in services	238	-
Premises costs	55	-
Other expenses	1,212	7
	<u>5,048</u>	<u>235</u>

4 Auditors' remuneration

Fees payable to the Company's auditors in respect of the audit of these financial statements of £15,000 (2018 - £5,000) were borne by a fellow Group company.

5 Staff numbers and costs

The Company did not employ any persons during the year, however staff costs were recharged from fellow Group companies where staff time was spent on projects within this Company. The aggregate staff costs recharged to this Company are shown in note 3.

6 Directors' remuneration

One (2018 - no) director was remunerated by the Company for their services to this Company during the 6 month period of trading. The director's remuneration for the year, which was recharged from a fellow Group company, was as follows:

	2019 £ 000	2018 £ 000
Remuneration	65	-
Termination benefits	24	-
Company contributions to money purchase pension schemes	3	-
	<u>92</u>	<u>-</u>

The above director received the following benefits during the year:

	2019 Number	2018 Number
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>-</u>

Six (2018 - all of the) directors have been remunerated by other Group companies in the year for their services to the Group as a whole. No remuneration is paid for their services to this Company, so no apportionment of the emoluments in respect of this Company has been made. Accordingly, the above details include no emoluments in respect of these directors as they are included in the aggregate of directors' emoluments disclosed in the financial statements of a fellow Group company.

Equiniti Global Payments Limited

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Notes to the financial statements for the year ended 31 December 2019 (continued)**7 Income tax expense**

Tax charged in the statement of comprehensive income:

	2019 £ 000	2018 £ 000
Current taxation		
UK corporation tax	335	150
Adjustments in respect of prior periods	<u>6</u>	<u>(2)</u>
	<u>341</u>	<u>148</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	2	2
Adjustments in respect of prior periods	<u>(4)</u>	<u>-</u>
	<u>(2)</u>	<u>2</u>
Tax expense in the statement of comprehensive income	<u><u>339</u></u>	<u><u>150</u></u>

The tax on profit before income tax for the year is higher than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Profit before income tax	<u>1,769</u>	<u>798</u>
Corporation tax at the standard UK rate of 19% (2018 - 19%)	336	152
Non-deductible expenses	1	-
Adjustments in respect of prior periods	<u>2</u>	<u>(2)</u>
Total tax expense	<u><u>339</u></u>	<u><u>150</u></u>

Future tax changes

The UK corporation tax rate of 19%, effective from 1 April 2017, was substantively enacted on 26 October 2015. A reduction to this rate to 17%, effective from 1 April 2020, was substantively enacted on 6 September 2016. The deferred tax balances at 31 December 2019 have been calculated based on these rates. On 17 March 2020, an increase to the UK corporation tax rate to 19%, effective from 1 April 2020, was substantively enacted. This will increase the Company's future tax charge accordingly.

Equiniti Global Payments Limited

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Notes to the financial statements for the year ended 31 December 2019 (continued)**7 Income tax expense (continued)****Deferred tax**

Deferred tax assets and liabilities are as follows:

	Asset £ 000
2019	
Accelerated tax depreciation	<u>1</u>
	Liability £ 000
2018	
Accelerated tax depreciation	<u>(1)</u>

The deferred tax assets and liabilities, which are calculated using the UK corporation tax rates substantively enacted on 6 September 2016, are expected to be recovered at least 12 months after the balance sheet date.

Deferred tax assets are recognised on temporary differences between the tax base and the accounting base of tangible fixed assets and intangible fixed assets to the extent that it is reasonably certain they will be realised in future periods against taxable profits.

There are no other deferred tax balances which have not been recognised in these financial statements.

Deferred tax movement during the current year:

	At 1 January 2019 £ 000	Recognised in income £ 000	At 31 December 2019 £ 000
Accelerated tax depreciation	<u>(1)</u>	<u>2</u>	<u>1</u>

Deferred tax movement during the prior year:

	At 1 January 2018 £ 000	Recognised in income £ 000	At 31 December 2018 £ 000
Accelerated tax depreciation	<u>1</u>	<u>(2)</u>	<u>(1)</u>

Equiniti Global Payments Limited

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Notes to the financial statements for the year ended 31 December 2019 (continued)**8 Property, plant and equipment**

	Office equipment £ 000
Cost or valuation	
At 1 January 2019	74
Additions	4
	<hr/>
At 31 December 2019	78
	<hr/>
Accumulated depreciation	
At 1 January 2019	74
Charge for the year	1
	<hr/>
At 31 December 2019	75
	<hr/>
Carrying amount	
At 31 December 2019	3
	<hr/>
At 31 December 2018	-
	<hr/>

9 Intangible assets

	Software £ 000
Cost or valuation	
At 1 January 2019	357
Additions	981
	<hr/>
At 31 December 2019	1,338
	<hr/>
Accumulated amortisation	
At 1 January 2019	233
Charge for the year	135
	<hr/>
At 31 December 2019	368
	<hr/>
Carrying amount	
At 31 December 2019	970
	<hr/>
At 31 December 2018	124
	<hr/>

Equiniti Global Payments Limited

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Notes to the financial statements for the year ended 31 December 2019 (continued)

10 Trade and assets acquisitions

On 1 July 2019, the Company acquired the trade and assets of the Group's domestic and international payments business from a fellow Group company, Paymaster (1836) Limited, for consideration of £18,512,000.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	2019 £ 000
Assets and liabilities acquired	
Property, plant and equipment	4
Identifiable intangible assets	787
Trade and other receivables	294
Contract fulfilment assets	925
Trade and other payables	(498)
Total identifiable assets	1,512
Difference recognised in equity	17,000
Total consideration	18,512

The transaction constitutes a common control transaction as the Company, the seller, and the acquired business are wholly owned by the Group. The net assets were transferred at book values on 1 July 2019. The excess of the consideration less the net assets acquired was recognised within equity.

Consideration of £18,512,000 due to Paymaster (1836) Limited was settled via the issuance of a non-interest bearing loan note. The loan note was subsequently transferred from Paymaster (1836) Limited to a fellow Group company, Equiniti Services Limited. The loan note is unsecured, has no fixed date of repayment and is repayable on demand.

11 Trade and other receivables

	2019 £ 000	2018 £ 000
Trade receivables	272	-
Amounts due from Group undertakings	2,169	4,957
Prepayments	90	-
	2,531	4,957

Excluding trade receivables, none of these financial assets are either past due or impaired. Amounts due from Group undertakings are non-interest bearing and are repayable on demand.

Ageing of trade receivables that are past due

	2019 £ 000
0 to 30 days	92

12 Cash and cash equivalents

	2019 £ 000	2018 £ 000
Cash and cash equivalents	3	-

Equiniti Global Payments Limited

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Notes to the financial statements for the year ended 31 December 2019 (continued)

12 Cash and cash equivalents (continued)

The Company holds certain balances with banks in a number of segregated accounts in the course of providing services to its clients. These balances are appropriately not included in the Company's statement of financial position as they are held to complete these tasks and are not available for use by the Company for its own purposes. The number of accounts and balances held vary significantly throughout the year.

13 Trade and other payables

	2019 £ 000	2018 £ 000
Amounts due to Group undertakings	15,811	42
Accrued expenses	556	-
Other payables	56	28
	<u>16,423</u>	<u>70</u>

Amounts due to Group undertakings are non-interest bearing and repayable on demand. Amounts due to Group undertakings has increased at the end of the reporting period as it includes the outstanding loan note for the purchase consideration of the Group's domestic and international payments business. See note 10 for further details.

14 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	Number	£ 000	Number	£ 000
Ordinary shares of £0.01 each	571,477	6	571,477	6
"C" shares of £0.01 each	<u>161,939,196</u>	<u>1,619</u>	<u>161,939,196</u>	<u>1,619</u>
	<u>162,510,673</u>	<u>1,625</u>	<u>162,510,673</u>	<u>1,625</u>

15 Reserves

Share premium

The share premium balance represents consideration received in excess of the nominal value of shares issued.

Other reserves

Other reserves represents the excess of the consideration paid over the net assets acquired for the Group's domestic and international payments business from fellow Group company, Paymaster (1836) Limited. See note 10 for further details.

Capital contribution reserve

The capital contribution reserve represents historical amounts recognised in equity in respect of equity-settled share-based compensation plans.

16 Dividends

The Company did not pay a dividend during the year (2018 - £nil) and no dividends have been proposed post year end (2018 - £nil).

Equiniti Global Payments Limited

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Notes to the financial statements for the year ended 31 December 2019 (continued)

17 Parent and ultimate parent undertaking

The Company is a wholly owned subsidiary of Equiniti Holdings Limited, a company incorporated in England and Wales. The Company is controlled by its ultimate parent company Equiniti Group plc, a public listed company incorporated in England and Wales and listed on the London Stock Exchange.

The most senior parent entity, and the parent of the smallest and largest group producing publicly available financial statements in which the Company is consolidated, is Equiniti Group plc. The consolidated financial statements which are contained within Equiniti Group plc's annual report are available online at www.equiniti.com or upon request from:

Sutherland House
Russell Way
Crawley
West Sussex
RH10 1UH

18 Non adjusting events after the reporting date

The Covid-19 pandemic has evolved rapidly during 2020. As an online payments business, the directors do not expect there to be any impact to the services offered, however they do anticipate an impact on the Company's financial performance in 2020 due to a slowdown in trading. Given the uncertainty around the full implications of Covid-19, it is not possible to reliably estimate the financial impact on the Company's financial performance in 2020.