

**RADIUS PAYMENT SOLUTIONS MIDCO LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**



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**RADIUS PAYMENT SOLUTIONS MIDCO LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	WS Holmes RA Sciortino DA Whileman EJ Lynch TS Oldfield
<b>Company secretary</b>	DP Drabble
<b>Registered number</b>	11056188
<b>Registered office</b>	Euro Card Centre Herald Park Herald Drive Crewe Cheshire CW1 6EG
<b>Independent auditor</b>	RSM UK Audit LLP Festival Way Stoke-on-Trent Staffordshire ST1 5BB

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<b>RADIUS PAYMENT SOLUTIONS MIDCO LIMITED</b>
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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

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**Introduction**

The directors have pleasure in submitting their Strategic Report for Radius Payment Solutions Midco Limited ("the Company") for the year ended 31 March 2020.

**Principal activity**

The principal activity of the Company is that of a holding company.

The Company's immediate parent is Radius Payment Solutions Topco Limited, which prepares a consolidated annual report and financial statement including all of its subsidiary undertakings ("the Group"). The principal activities of the Group involve the provision of services to the fleet and logistics sector.

**Business review**

The directors are satisfied with the results of the business as they are in line with forecasts and expectations for the period.

The Company provides finance to the Group via shareholder loan notes, further information on these borrowings is included in note 12. Interest of £34,027,000 (*455 days to 31 March 2019: £37,540,000*) was charged on the loan notes and £28,128,000 (*455 days to 31 March 2019: £29,753,000*) in relation to amounts owed to group undertakings.

As a parent undertaking the Company received no dividend income from subsidiaries in the current period (*455 days to 31 March 2019: £nil*). Interest income of £73,839,000 (*455 days to 31 March 2019: £77,346,000*) is receivable on amounts owed by group undertakings in the current period. Key performance indicators are not considered necessary for an understanding of the development, performance or position of the business of the Company.

Net assets at 31 March 2020 were £96,701,000 (*2019: £85,028,000*). The increase in the net assets is due to the net interest receivable on amounts owed by/(to) group undertakings and the unpaid interest charged on the loan notes.

A more comprehensive review of the Group's performance is contained within the Strategic Report of Radius Payment Solutions Topco Limited.

**Principal risks and uncertainties**

The Company is wholly dependent upon the trading performance of its direct and indirect subsidiaries to maintain its trading ability. A more comprehensive review of Group's principal risks and uncertainties, including Covid-19, is contained within the Strategic Report of Radius Payment Solutions Topco Limited.

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**Section 172 Statement**

The directors of the company, as those of all UK companies, must act in accordance with a set of general duties, as detailed in section 172 of the UK Companies Act 2006.

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

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**Section 172 Statement (continued)**

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the company.

In common with most large businesses, the directors fulfil their duties partly through a governance framework that delegates day to day decision making to employees of the company. An authority matrix has been introduced to support and formalise this process and will be regularly reviewed and amended to reflect any changes to perceived risks or the environment in which the Company operates.

Other details of how the directors fulfil their duties in each of the areas set out above are:

*Consequences of decisions in the long term*

Each year, the board undertakes a review of the Company's long term strategy, including the business plan for the following three years. Once approved by the board, the plan and strategy form the basis for financial budgets, resource plans and investment decisions. In making decisions concerning the business plan and future strategy, the board has regard to a variety of matters including the interests of various stakeholders, the consequences of its decisions in the long term and its long term reputation.

In approving the business plan, the directors also consider external factors such as competitor behaviour, the performance of the underlying markets in which we operate or are proposing to operate, as well as the evolving economic, political and market conditions. Where these factors are deemed to be significant, additional forecasting activities are undertaken to understand the impact in a timely manner and enable informed decision making.

The board has agreed a set of targets for an acceptable level of financial resilience and liquidity and regularly reviews the Company's forecast cash flows, funding requirements, debt capacity and financing options. These targets are partly governed by the Group's banking facilities agreement which covers the period to November 2024.

*Interests of the company's employees*

The directors understand the importance of the Company's employees to the long-term success of the business. For our business to succeed we need to manage our people's performance and develop and bring through talent whilst ensuring we operate as efficiently and safely as possible. The directors review performance in this area on a regular basis.

The Company regularly communicates business progress and strategy to its employees through presentations, internal group-wide emails and its intranet. Additionally, employee surveys are undertaken periodically to allow staff to provide honest feedback about their experience working at the Company.

Workplace health and mental wellbeing continue to be priorities with all employees able to access free support both in the office and whilst home-working. The Company's head office building, opened in 2018, was designed with a focus on enhancing employee wellbeing and has been recognised by the property industry as such. Many of the features of this building have been carried forward into other offices used by the Company, several of which have undergone extensive refurbishment programmes in recent years.

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

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**Section 172 Statement (continued)**

*Business relationships*

The board regularly reviews how the Company maintains positive relationships with all of its stakeholders. It operates long term partnership arrangements with many of its major suppliers with regular meetings held to review progress and develop new initiatives.

The Company's core strategy prioritises organic growth, driven by cross selling and up selling services to existing customers as well as winning new customers. Maintaining high levels of customer satisfaction is key to this strategy and the Company conducts regular surveys and encourages feedback from customers to improve performance and generate new ideas.

*Impact on the community and environment*

The Company supports a number of local and national charities through both fundraising and volunteering and engages with the local communities in which it operates on key local issues, reacting promptly to any concerns.

*High standards of business conduct*

The directors take the reputation of the Company seriously which is not limited to operational and financial performance. For example, the board has approved the Company's policies on anti-slavery and human trafficking, data protection, gender pay reporting and tax strategy (all of which can be found on the Company's website [www.radiuspaymentsolutions.com](http://www.radiuspaymentsolutions.com)).

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



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**WS Holmes**  
Director

Date: 5 October 2020

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

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

**Directors' responsibilities statement**

The company have not disclosed the following sections of the Directors' Report "Business review, key performance indicators and risks and uncertainties" as these have been included within the Strategic Report.

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

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

**Results and dividends**

The profit for the year, after taxation, amounted to £11,673,000 (455 days to 31 March 2019: £10,028,000).

The results for the period are shown in the Statement of Comprehensive Income on page 9. These results are included in the consolidated financial statements of Radius Payment Solutions Topco Limited.

The directors do not recommend the payment of a final dividend making the total dividends for the year £nil (455 days to 31 March 2019: £nil).

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

**Directors**

The directors who have served in the year and up to the date of signing the financial statements were:

WS Holmes  
RA Sciortino  
JA Kaufman (resigned 1 July 2019)  
DA Whileman  
EJ Lynch (appointed 1 July 2019)  
TS Oldfield (appointed 29 April 2020)

**Future developments**

The company's strategic focus continues to be that of a holding company.

**Financial instruments**

*Liquidity Risk*

The Company actively maintains strong cash collection and credit control procedures to ensure it has sufficient funds for operational purposes.

*Cash flow Risk*

Cash flow review and forecasting is an integral part of the financial review and monitoring process; working capital controls are in place to ensure that the Company is adequately funded.

**Energy and carbon reporting**

A review of the Company's consumptions for the year is contained within the Directors' Report of the Group for the year ended 31 March 2020.

**Disclosure of information to auditor**

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

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

**Auditor**

The auditor, RSM UK Audit LLP, Statutory Auditor, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



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**WS Holmes**  
Director

Date: 5 October 2020



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<b>RADIUS PAYMENT SOLUTIONS MIDCO LIMITED</b>
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RADIUS PAYMENT SOLUTIONS MIDCO LIMITED**

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**Opinion**

We have audited the financial statements of Radius Payment Solutions Midco Limited (the 'company') for the year ended 31 March 2020 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the 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.

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

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

We have nothing to report in this regard.

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<b>RADIUS PAYMENT SOLUTIONS MIDCO LIMITED</b>
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RADIUS PAYMENT SOLUTIONS MIDCO LIMITED (CONTINUED)**

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**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RADIUS PAYMENT SOLUTIONS MIDCO LIMITED (CONTINUED)**

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

Jonathan Lowe (Senior statutory auditor)

for and on behalf of  
**RSM UK Audit LLP, Statutory Auditor**

Chartered Accountants  
Festival Way  
Stoke-on-Trent  
Staffordshire  
ST1 5BB

6 October 2020

# RADIUS PAYMENT SOLUTIONS MIDCO LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

		366 days ended 31 March 2020 £000	455 days ended 31 March 2019 £000
	Note		
Administrative expenses		(11)	(25)
<b>Operating loss</b>		<b>(11)</b>	<b>(25)</b>
Interest receivable and similar income	5	73,839	77,346
Interest payable and expenses	6	(62,155)	(67,293)
<b>Profit before taxation</b>		<b>11,673</b>	<b>10,028</b>
Taxation on profit	8	-	-
<b>Profit for the financial period</b>		<b>11,673</b>	<b>10,028</b>

The notes on pages 12 to 20 form part of these financial statements.

**RADIUS PAYMENT SOLUTIONS MIDCO LIMITED**  
**REGISTERED NUMBER: 11056188**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Investments	9	-	-
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	10	781,185	707,346
Cash at bank and in hand		-	-
		<hr/>	<hr/>
		781,185	707,346
Creditors: amounts falling due within one year	11	(334,448)	(289,250)
		<hr/>	<hr/>
<b>Net current assets</b>		<b>446,737</b>	<b>418,096</b>
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>446,737</b>	<b>418,096</b>
Creditors: amounts falling due after more than one year	12	(350,036)	(333,068)
		<hr/>	<hr/>
		(350,036)	(333,068)
		<hr/>	<hr/>
<b>Net assets</b>		<b>96,701</b>	<b>85,028</b>
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	13	75,000	75,000
Profit and loss account	13	21,701	10,028
		<hr/>	<hr/>
		<b>96,701</b>	<b>85,028</b>
		<hr/>	<hr/>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



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**WS Holmes**  
 Director

Date: 5 October 2020

The notes on pages 12 to 20 form part of these financial statements.

# RADIUS PAYMENT SOLUTIONS MIDCO LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
<b>At 31 December 2017</b>	-	-	-
Comprehensive income for the period			
Profit for the period	-	10,028	10,028
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>10,028</b>	<b>10,028</b>
Transactions with owners			
Share capital issued	75,000	-	75,000
<b>Total transactions with owners</b>	<b>75,000</b>	<b>-</b>	<b>75,000</b>
<b>At 31 March 2019</b>	<b>75,000</b>	<b>10,028</b>	<b>85,028</b>
Comprehensive income for the year			
Profit for the year	-	11,673	11,673
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>11,673</b>	<b>11,673</b>
Transactions with owners	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 March 2020</b>	<b>75,000</b>	<b>21,701</b>	<b>96,701</b>

The notes on pages 12 to 20 form part of these financial statements.

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<b>RADIUS PAYMENT SOLUTIONS MIDCO LIMITED</b>
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**1. General information**

Radius Payment Solutions Midco Limited ("the Company") is a private company limited by shares and is registered, domiciled and incorporated in England.

The address of the Company's registered office and principal place of business is Euro Card Centre, Herald Park, Herald Drive, Crewe, Cheshire, CW1 6EG.

The Company's principal activities and nature of operations are disclosed in the Strategic Report.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000 except where otherwise indicated. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Financial reporting standard 102 - reduced disclosure exemptions**

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Radius Payment Solutions Topco Limited as at 31 March 2020 and these financial statements may be obtained from its registered office Euro Card Centre, Herald Park, Herald Drive, Crewe, Cheshire, CW1 6EG.

**2.3 Consolidated financial statements**

The Company has taken advantage of the exemption in section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. Consequently, these financial statements present the financial position and financial performance of the Company as a single entity.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)****2.4 Going concern**

The Directors are satisfied that the Company's activities will be funded by the Group for at least 12 months from the date of signing the financial statements.

At the time of approving the financial statements, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. This expectation is based on the Group's trading performance in the period since 31 March 2020 and the banking facilities available to the Group. Details of the Group's banking facilities can be found in the consolidated annual report and financial statements of Radius Payment Solutions Topco Limited.

Since the significance of the economic impacts of the COVID-19 outbreak has become apparent, the directors have reviewed in detail the Group's position and considered the appropriate basis on which to prepare the financial statements. In assessing the ability of the Group to continue to operate as a going concern for the foreseeable future, the directors have considered a number of factors, including their experience of the sector, forecast activity levels and, the cash resources and banking facilities available to the Group.

The directors have concluded that, whilst the measures introduced following the outbreak of the virus have had some short term adverse impact on the business, the Group's operating model remains robust in the medium to long term. The directors have considered detailed projections for at least 12 months from the date of signing the financial statements, together with a longer-term assessment, to stress test the financial resilience of the Group. These forecasts take into account the risk of decline in income and ability to flex costs over this period. Whilst the directors recognise that 2020 will be a challenging year, they consider that it remains appropriate to prepare the financial statements on a going concern basis.

**2.5 Financial instruments**

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Financial assets***Group and other debtors*

Group and other debtors which are receivable within one period are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

**Financial liabilities and equity**

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

*Equity instruments*

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**2.5 Financial instruments (continued)**

**Financial liabilities and equity (continued)**

*Group and other creditors*

Group and other creditors payable within one period that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled

*Borrowings*

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

**Derecognition of financial assets and liabilities**

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

**2.6 Cash and cash equivalents**

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

**2.7 Finance costs**

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

**2.8 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**2.9 Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the period. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.10 Fixed asset investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

Interests in subsidiaries, associates and jointly controlled entities are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

**2.11 Other income**

*Interest income*

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

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

The Company makes estimates, judgements and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

The directors consider there are no estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**4. Employees**

The average monthly number of employees, including directors, during the year was 4 (455 days to 31 March 2019: 4).

The directors received no emoluments during the year (455 days to 31 March 2019: £nil) and there were no benefits accruing under money purchase pension plans (2019: £nil).

The directors of the Company are remunerated by companies which are part of the Group.

**5. Interest receivable and similar income**

	366 days ended 31 March 2020 £000	455 days ended 31 March 2019 £000
Interest receivable from group undertakings	73,839	77,346
	<u>73,839</u>	<u>77,346</u>

**6. Interest payable and similar expenses**

	366 days ended 31 March 2020 £000	455 days ended 31 March 2019 £000
Interest on loan notes	34,027	37,540
Interest payable to group undertakings	28,128	29,753
	<u>62,155</u>	<u>67,293</u>

**7. Auditor's remuneration**

	366 days ended 31 March 2020 £000	455 days ended 31 March 2019 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>4</u>	<u>4</u>

# RADIUS PAYMENT SOLUTIONS MIDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 8. Taxation

	366 days ended 31 March 2020 £000	455 days ended 31 March 2019 £000
<b>Current tax</b>		
Current tax on profits for the period	-	-
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax</b>		
Tax rate changes	-	-
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Taxation on profit</b>	<u>-</u>	<u>-</u>

#### Factors affecting tax charge for the period

The tax assessed for the year is the lower than (2019: *lower than*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	366 days ended 31 March 2020 £000	455 days ended 31 March 2019 £000
Profit before tax	<u>11,673</u>	<u>10,028</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	2,218	1,905
<b>Effects of:</b>		
Expenses not deductible for tax purposes	28	147
Group relief	(6,298)	(5,136)
Deferred tax not provided	4,052	3,084
<b>Total tax charge for the period</b>	<u>-</u>	<u>-</u>

#### Factors that may affect future tax charges

A deferred tax asset arises on the shareholder loan interest as 50% is not paid in cash but instead compounded onto the loan balance (note 12). This has not been recognised as there is uncertainty when the remaining interest will be paid or whether a corporation tax deduction will be available. The standard rate of corporation tax in the United Kingdom for the year was 19% (2019: 19%). The Finance Act 2016 enacted a further reduction in the main rate of corporation tax to 17% with effect from 1 April 2020. However, the Budget which took place on 11 March 2020 confirmed the rate of corporation tax will remain at 19% from 1 April 2020, cancelling the enacted rate reduction to 17%. The rate reduction reversal was substantively enacted on 17 March 2020 by way of a special resolution. Deferred tax has therefore been provided at a rate of 19% (2019: 17%).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

**9. Investments**

**Shares in  
group  
undertakings  
£000**

**Cost**

At 31 March 2019 and 31 March 2020

-

The Company directly holds more than 20% of the equity (and no other share or loan capital) of the following undertakings:

<b>Name</b>	<b>Registered office</b>	<b>Nature of business</b>	<b>Ordinary shareholding</b>
<i>Subsidiary undertakings:</i>			Company
Radius Payment Solutions Bidco Limited	Eurocard Centre, Herald Park, Herald Drive, Crewe, Cheshire, CW1 6EG, England	Holding company	100%

Undertakings in which the Company indirectly holds more than 20% of the equity (and no other share or loan capital) can be seen in the financial statements of Radius Payment Solutions Bidco Limited.

**10. Debtors**

**2020  
£000**      **2019  
£000**

**Amounts falling due within one year:**

Amounts owed by group undertakings

**781,185**      **707,346**

**781,185**      **707,346**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

**11. Creditors: Amounts falling due within one year**

	2020 £000	2019 £000
Amounts owed to group undertakings	330,083	285,150
Accruals and deferred income	4,365	4,100
	<u>334,448</u>	<u>289,250</u>

Barclays Bank plc holds a charge over shares of the Company (dated 30 January 2018) guaranteeing all their rights, title and interest by way of first fixed charge.

Barclays Bank plc holds a charge and assignment over the subordinated debt of the Company (dated 30 January 2018) guaranteeing the subordinated debt, subordinated documents and all their rights by way of first fixed charge.

**12. Creditors: Amounts falling due after more than one year**

	2020 £000	2019 £000
Shareholder loan notes	350,036	333,068
	<u>350,036</u>	<u>333,068</u>

The shareholder loan notes were issued at par on 30 January 2018 for £314,252,000. Interest of 10% is charged per annum with 50% paid in cash and 50% compounded onto the loan balance. The cash payments are made on a quarterly basis. The shareholder loan notes are repayable in a period greater than 5 years, subject to an exit event.

**13. Share capital**

	2020 £000	2019 £000
<b>Authorised, allotted, called up and fully paid</b>		
7,500,000,100 Ordinary shares of £0.01	<u>75,000</u>	<u>75,000</u>

*Ordinary share rights*

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

Reserves of the Company represent the following:

*Profit and loss account*

Cumulative profit and loss net of distributions to owners.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

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**14. Related party transactions**

The following transactions occurred with related parties during the year:

During the year, the Group transferred loan notes of £392,000 to certain directors making the total held by directors and close family members £175,419,000 (2019: £175,027,000). These loan notes are subject to interest as set out in note 12. The interest outstanding at the end of the year was £2,460,000 (2019: £2,259,000). The total amount outstanding at the year end in relation to loan notes held by directors and close family members was £197,827,000 (2019: £187,714,000).

On 30 January 2018, the Company issued £75,000,000 of loan notes to a corporate minority shareholder of the Group. The loan notes are subject to interest as set out in note 12 and the amount outstanding at the end of the year was £1,052,000 (2019: £968,000). The total amount outstanding at the year end in relation to loan notes held by the corporate entity was £84,580,000 (2019: £80,437,000).

**15. Controlling party**

Radius Payment Solutions Midco Limited is a wholly owned subsidiary of Radius Payment Solutions Topco Limited, a company incorporated in England and Wales.

The directors consider the ultimate parent undertaking to be Radius Payment Solutions Topco Limited.

The directors consider there to be no ultimate controlling party.

Radius Payment Solutions Topco Limited is the smallest and largest company for which consolidated accounts including Radius Payment Solutions Midco Limited are prepared. The consolidated accounts of Radius Payment Solutions Topco Limited are available from its registered office, Euro Card Centre, Herald Park, Herald Drive, Crewe, Cheshire, CW1 6EG.