Global Payments U.K. Ltd
Annual report and consolidated financial statements for the year ended 31 December 2020

Registered number: 06588689

Global Payments U.K. Ltd
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Global Payments U.K. Ltd
General Information

Registered number: 06588689

Directors:	Christopher Davies David Green
Registered address:	Granite House Granite Way Syston Leicester LE7 1PL
Bankers:	HSBC Bank plc 8 Canada Square London E14 5HQ
Auditor:	Deloitte LLP Statutory Auditor Four Brindley Place Birmingham United Kingdom B1 2HZ
Lawyers:	Eversheds LLP Eversheds House 70 Great Bridgewater St Manchester M1 5ES

Global Payments U.K. Ltd

Strategic report

This strategic report has been prepared for the group as a whole and gives emphasis to those matters which are significant to Global Payments U.K. Ltd and GPUK LLP (together "the Group").

Review of the business

The following are the key performance indicators for the Group; the operating profit for the year ended 31 December 2020 was £105.1 million (31 December 2019: £146.1 million), as detailed in the Consolidated Statement of Comprehensive Income on page 18. Revenue for the year ended 31 December 2020 was £165.6 million (31 December 2019: £213.9 million). The decreases of £41.0 million and £48.3 million profit and revenue respectively are mainly attributable to the partial sale of the online ("International Acquiring") business during the previous year, as well as the impact of the COVID-19 pandemic. Accordingly the administrative expenses have decreased by £7.3 million to £60.4 million, which is expected by the business.

Consolidated net assets as at 31 December 2020 were £531.6 million (31 December 2019: £615.1 million) and included a consolidated cash balance of £109.1 million (31 December 2019: £182.2 million). The net asset decrease of £83.5 million is primarily due to timing differences relating to working capital. Dividends of £126.1 million (31 December 2019: £121.0 million) were paid during the year; further details can be found in the directors' report.

The Group acquired 100% of Bleep (UK) plc on 17th January 2020 for a consideration of £11.75m. The principal activity of the company is that of research and development, procurement, manufacturing and distributing of Touch Screen Electronic Point of Sales systems which have worldwide marketability. Bleep (UK) plc is an unquoted company limited by shares. See note 37 for further details.

Principal risks and uncertainties

Details of the principal risks and uncertainties faced by the Group can be found within the Risk Management disclosure (note 34) and form part of this report by cross-reference. The Group also faces operational risks which are detailed in the Directors' report on page 3.

Environmental matters

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

Future Developments

2020 was another year of change for the company as the improvements in sales processes and the recently established Customer Success regime continued to pay dividends. The management team was strengthened with the addition of experienced individuals in key roles, and although the UK economy continued to stagnate, sales performance and ongoing improvements in attrition levels set up the company for future success.

The Group acquired 100% of Bleep (UK) plc on 17th January 2020 (see review of the business section for more details).

Of course, in 2021 the impact of the COVID-19 pandemic and the response of the UK Government which resulted in a curtailment of economic activity, and which is still ongoing, had an impact on transaction volumes and value, with a consequent knock-on to revenues. At its worst, in early April 2020, transaction volumes were down over 60% compared to 2019, with transport, hospitality and face to face retail being particularly hit. Volumes have significantly recovered since then, but are still down compared to 2019.

Transaction volumes in a face to face environment continue to be depressed, however the company was able to develop new products and services based on its successful E-Commerce arm which have mitigated this somewhat.

The company made some adjustments to its expense utilisation in 2020 (e.g. all employees agreed to a 10% pay cut from April to September) and took advantage of the Government's Furlough Scheme. This, in addition to the low cost, high margin model employed by the company meant that they continued to be cash flow positive and continued to invest in product development, training and upskilling to position the business well for the upturn in economic activity when it occurs.

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

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

Please see Directors' report for details on this disclosure.

Approved by the Board and signed on its behalf by:

Christopher Davies, Director

31 January 2022

Global Payments U.K. Ltd

Directors' report
For the year ended 31 December 2020

The directors present their annual report, together with the audited consolidated financial statements and auditor's report for the year ended 31 December 2020.

Principal activity

The principal activities of Global Payments U.K. Ltd are acting as a holding company and the provision of staff to GPUK LLP (together "the Group").

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

There are no branches of the Group outside the UK.

Financial position and performance

The following are the key performance indicators for the Group; the profit for the year ended 31 December 2020 was £113.3 million (31 December 2019: £233.6 million), as detailed in the Consolidated Statement of Comprehensive Income on page 18. The decrease is mainly attributable to the partial sale of the online ("International Acquiring") business during the previous year, as well as the impact of the COVID-19 pandemic. The Group aims to continue the development of the business by recruiting further new merchants, and leveraging HSBC Bank plc corporate relationships within the existing customer base.

Consolidated net assets as at 31 December 2020 were £531.6 million (31 December 2019: £615.1 million) as detailed on the balance sheet on page 20.

The Group acquired 100% of Bleep (UK) plc on 17th January 2020 for a consideration of £11.75m. The principal activity of the company is that of research and development, procurement, manufacturing and distributing of Touch Screen Electronic Point of Sales systems which have worldwide marketability. Bleep (UK) plc is an unquoted company limited by shares. See note 37 for further details.

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

The board of directors of Global Payment UK Ltd consider, both individually and together, that they have acted in the way they consider in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2020.

The following paragraphs summarise how the Directors fulfil their duties:

Risk Management: Global Payments UK Limited ("GPUK") provides business-critical services to their clients, often in highly regulated environments. As the business grows, the risk environment also becomes more complex. It is therefore vital that the directors effectively identify, evaluate, manage and mitigate the risks the business faces, and that the directors continue to evolve their approach to risk management.

The risk of a no deal Brexit was evaluated and the directors executed a strategy to mitigate the risks the Group faced. The outcome of this was the sale of part of the online business, to allow the continuation of online European transactions. However, the UK business continues to build domestic revenue and non-EU online transactions which fits in with the long term strategy of the business. The UK business maintains strong liquidity and cash levels in line with the treasury policy.

For details of the principal risks and uncertainties, please see page 4 of this report.

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

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

Directors' report
For the year ended 31 December 2020

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

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

The desirability of the Group maintaining a reputation for high standards of business conduct: GPUK aims to meet the world's growing need for more payment solutions in ways which are economically, environmentally and socially responsible. The Board periodically reviews and approves clear policies to ensure that its high standards are maintained both within Global Payments businesses and the business relationships it maintains. This, complemented by the ways the Board is informed and monitors compliance with relevant governance standards, helps ensure optimal decisions are taken that allows Global Payments UK to act in ways that promote high standards of business conduct.

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

Employees are kept up to date on financial performance, operational matters and strategic initiatives of the Group by way of interactive quarterly updates. Additionally, employee involvement in the Group's performance is encouraged through participation in the share save scheme.

Dividends

Dividends of £126.1 million (31 December 2019: £121.0 million) have been paid to the parent Company, Global Payments Acquisition Corporation 3 LLC, during the year. The directors do not expect the payment of a final dividend (31 December 2019: £nil). The policy on paying dividends ensures that there is sufficient operational cash within the Group whilst meeting the cash requirements of the parent company.

Capital reduction

During the year a resolution was passed by the Company to reduce the share premium account and credit retained earnings by £105m.

Employees

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

Political donations

There have been no contributions made to political parties during the year (31 December 2019: £nil).

Directors

Christopher Davies and David Green have held office for the whole of the year from 1 January 2020 to the date of this report.

Principal risks and uncertainties

The Group's financial risk management objectives and policies are given in note 34 to the financial statements. The Group also faces operational risks, which are detailed below along with mitigating activities.

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

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

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

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

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

Going concern basis

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

The impact of Brexit has also been considered. In the previous year, the risk of a no deal Brexit was highly evaluated and the Group executed a strategy to mitigate the risks it faced. The outcome of this was the sale of part of the online business, to allow the continuation of online European transactions. However, the UK business continues to build domestic revenue and non-EU online transactions which fits in with the long term strategy of the business. The UK business maintains strong liquidity and cash levels in line with the treasury policy

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

GPUK continues to be a core part of the Group's activities and future plans. As at the date of signing of these financial statements, the entity's activities have continued to operate as the entity's business is essentially dependent on the consumer spending in the economy. The entity has experienced a decline in the card business as a result of COVID-19. However, based on the Group's revenue as well as the developments to date, the Group does not expect a material impact on its financial position as a consequence of the COVID-19 pandemic. This conclusion was reached after stress testing was performed to explore the multiple potential implications of the pandemic.

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

Directors' indemnity insurance

Directors' and officers' insurance cover has been established for all Directors to provide appropriate cover for their reasonable actions on behalf of the Group. The indemnities, which constitute a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006, were in force during the 2020 financial year and remain in force for all current and past Directors of the Group.

Auditor

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Global Payments U.K. Ltd

Directors' report
For the year ended 31 December 2020

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

Deloitte LLP have expressed their willingness to continue in office as auditor. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

Christopher Davies, Director

31 January 2022

Directors' responsibility statement

The directors are responsible for preparing the Annual 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 International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Under Company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, 'International Accounting Standard 1' requires that directors:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF Global Payments U.K. Ltd

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Global Payments U.K. Ltd (the 'parent company') and its subsidiary (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated and the parent cash flow statement;
- the related notes 1 to 40.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

2. 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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, 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.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Valuation of Visa Inc. preference shares • Valuation of Investment in Global Payments Asia-Pacific ("GPAP")

	Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the group financial statements was £5,979,000 which was determined on the basis of profit before taxation.
Scoping	We focused our work on the main trading entity within the Global Payments UK Ltd group, however, all companies within the group were subject to full scope audit.
Significant changes in our approach	As part of our risk assessment we reconsidered the appropriateness of the significant risk within revenue. The nature of the income streams within the business are very mechanical in nature and no material mis-statements have been identified in recent audits . In addition we continued to take controls reliance over the revenue process. As a result of these factors we have deemed that it was applicable to downgrade revenue recognition from a significant risk to a higher risk.

4. Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Enquiring of senior management in relation to their going concern assessment including impacts of Covid-19, and the steps they will take in the event that economic and other factors deteriorate further due to government imposed lockdowns;
- Challenging management's key assumptions underpinning the going concern basis of accounting, by assessing the reasonableness of significant movements in forecast cash flows and considering their consistency with other available information and our understanding of the group businesses;
- Compared prior years' performance against historical forecasted amounts to support our considerations of the reasonableness of the company's forecasts;
- Undertaken research of wider external market factors that may impact the business performance or cause concerns regarding the going concern;
- Inspected the company's capital requirement returns, reviewed all correspondence with the FCA and enquired of management regarding any on-going discussions with the FCA that could impact managements going concern conclusions;
- Inspected the letter of support to the company from its parent company, Global Payments Inc. stating their intention to continue to provide financial support to the business for the next 12 months and;
- Inspecting correspondence between the company and its regulators up to the date of signing our audit report.

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

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Visa Inc. Preference Shares

Key audit matter description	Following the acquisition of Visa Europe Limited by Visa Inc., the company received 18,324 units of series B Preferred shares on 21 June 2016. These preference shares are convertible into Class A common shares of Visa Inc. at a future date subject to certain conditions and are classified as fair value through profit or loss ("FVTPL") financial assets valued at £10.4m at the year-end. Pursuant to the above, our key audit matter has been determined to be the following valuation discounts on these preference shares: ▪ illiquidity discount: preference shares are not tradeable on an open market and can only be transferred to other Visa members with restrictions. ▪ litigation discount: future litigation costs of Visa Europe Limited could affect the valuation of the shares prior to conversion. We refer to note 3 and 24 in the financial statements in which management outlined the level of judgement and estimation uncertainty involved in measuring the fair value of these instruments.
How the scope of our audit responded to the key audit matter	We assessed the relevant controls around the valuation of these preference shares. We challenged the key assumptions within management's valuation of the shares by testing the assumptions to market data and other observable data and where relevant, sought to understand movements in the valuation compared with the prior year valuation and the similar assumptions used by other market participants This has allowed the audit team to consider whether the valuation of the holding was materially misstated.

	Additionally, we have tested the mathematical accuracy of management's valuation model. Given the disclosures are required to be in compliance with IFRS 13, we tested the disclosures in the financial statements for consistency with the requirement of the accounting standards.
Key observations	The litigation and illiquidity discounts used by management to determine the value of the preference shares were assessed as reasonable. We note that management has concluded that the classification of the Visa preference shares Shares as Fair Value Through Other Comprehensive Income (FVOCI) was not appropriate and that the investment should have been classified as Fair Value Through Profit/Loss (FVTPL). A prior year adjustment has been made to correct the classification to shares as FVTPL.

5.2. Valuation of Investment in Global Payments Asia-Pacific ("GPAP")

Key audit matter description	Global Payments U.K. Ltd holds a 44% strategic non-controlling interest in GPAP Ltd, a non-listed company incorporated in Hong Kong. The Group does not exert control or influence over GPAP Ltd and its operations and is therefore accounted for as an investment. This investment is not held for trading and management has elected this to be classified as FVOCI under IFRS 9 on the date of initial recognition. Management has estimated the fair value of unquoted investment in GPAP Ltd using a Discounted Cash Flow (DCF) valuation method as at at year-end. The estimation of fair value requires management to make complex judgements relating to discount rate and long term growth assumptions as well as in relation to the estimate of future performance of GPAP. There is significant estimation uncertainty related to the valuation of the investment. Refer to the significant accounting policies in note 3 of the financial statements and the Investment analysis in note 19 of the financial statements.
How the scope of our audit responded to the key audit matter	We assessed the relevant controls over the estimation of fair value of investment in GPAP Ltd. With the assisstance of internal valuations specialists we assessed the reasonableness of the WACC and Long Term Growth Rate used by management in determinge fair value at year-end and at the date of initial application of IFRS 9. With the assistance of our internal valuations specialists we assessed the reasonableness of the discount rate and long term growth assumptions with reference to analysis of comparable companies and challenged the key assumptions used by management in the DCF valuation at year-end and at the date of initial application of IFRS 9. We tested management's forecasts of future performance of GPAP, challenging management on the key assumptions made.

	We also tested the completeness and accuracy of management's DCF valuation method by reference to the supporting calculations and analysis of key macro-economic information at year-end and at the date of initial application of IFRS 9. This included benchmarking the fair value with comparable peer companies using market multiples method.
Key observations	We concluded that the valuation of the investment of GPAP was reasonable.

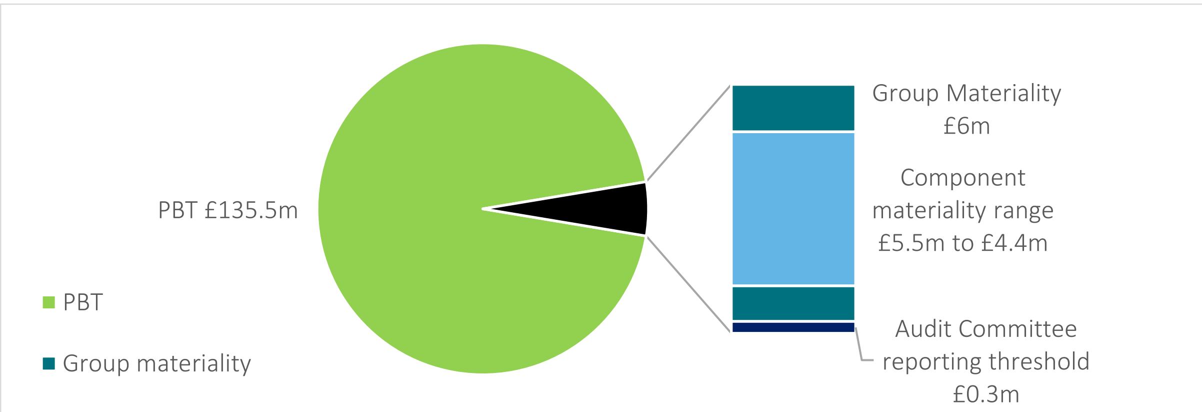
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£5,979,000 (2019: £7,741,000)	£4,381,080 (2019: £5,353,000)
Basis for determining materiality	5% of profit before taxation.	Parent company materiality equates to 3% of net assets, which is capped at 70% of group materiality.
Rationale for the benchmark applied	We determined materiality using profit before taxation, as we considered this to be the most appropriate measure to assess the performance of the group. This is consistent with prior year.	We determined that earnings within the parent company is nominal and the focus for users in this entity is equity.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2019: 70%) of group materiality	70% (2019: 70%) of parent company materiality
Basis and rationale for determining performance materiality	• There has been a low number of uncorrected misstatements during prior year audits. • The group has a low level of control deficiencies identified in prior years. • Any control deficiencies that have been identified previously and resulted in misstatements were remediated in the following subsequent period.	

6.3. Error reporting threshold

We agreed with the Board of Directors that all audit differences in excess of £0.30m (2019: £0.38m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

We have undertaken an audit of GPUK LLP (trading entity) as well as GPUK Ltd (parent entity). This is in-line with prior year audits with the only key change relating to the acquisition of Bleep plc by GPUK Ltd during FY20.

7.2. Working with other auditors

No component auditors were involved within the 2020 audit of Global Payments UK Ltd.

8. 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 contained within the annual report.

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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of our audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

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

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

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

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

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;

  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, valuations, and IT regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: Visa Inc. Preference Shares and Investment in GPAP. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the FCA's capital requirements in addition to UK Companies Act.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the FCA;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. 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 year 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.

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

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

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 parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. 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.

K. J. Cooper

Kieren Cooper, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Birmingham, United Kingdom

31 January 2022

Global Payments U.K. Ltd

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Note	31 December 2020 £000's	31 December 2019 (restated) (note 40) £ 000's
Revenue	6	165,570	213,895
Administrative expenses		(60,445)	(67,773)
Operating profit	7	105,125	146,122
Interest and other income	12	20,557	20,528
Profit from partial sale of International Acquiring business		-	92,588
Profit on disposal of VISA shares		11,309	-
Fair value gain on FVTPL financial assets – preference shares	24	3,477	2,514
Finance costs	13	(8,400)	(8,279)
Profit before tax		132,068	253,473
Tax	14	(18,767)	(19,843)
Profit for the year		113,302	233,630
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Fair value loss on FVOCI financial assets – investments	19	(9,216)	(17,164)
Total comprehensive income		104,086	216,466
Attributable to:			
Equity holders of the Group		104,086	216,466
		104,086	216,466

All profit for the year is generated from continuing operations.

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

Global Payments U.K. Ltd

Consolidated Statement of Changes in Equity
As at 31 December 2020

	Share capital £ 000's	Share premium £ 000's	Other reserves £ 000's	Retained earning £ 000's	Total £ 000's
As at 1 January 2019	-	257,437	238,596	23,683	519,715
Prior year adjustments (note 40)	-	-	(11,468)	11,468	-
As at 1 January 2019 (restated)	-	257,437	227,128	35,151	519,715
Profit for the year	-	-	-	233,630	233,630
Dividends paid (note 15)	-	-	-	(121,000)	(121,000)
Net fair value gain on FVOCI investments	-	-	(17,164)	-	(17,164)
Share premium reduction	-	(86,000)	-	86,000	-
As at 31 December 2019 (restated)	-	171,437	209,964	233,781	615,181
	-	-	-	-	-
Profit for the year	-	-	-	113,302	113,302
Dividends paid (note 15)	-	-	-	(126,066)	(126,066)
Purchase of net operating losses from other group companies	-	-	-	(61,614)	(61,614)
Net fair value loss on FVOCI investments	-	-	(9,216)	-	(9,216)
Share premium reduction	-	(105,000)	-	105,000	-
As at 31 December 2020	-	66,437	200,747	264,403	531,587

Global Payments U.K. Ltd

Company Statement of Changes in Equity
As at 31 December 2020

	Share capital £ 000's	Share premium £ 000's	Other reserves £ 000's	Retained earning £ 000's	Total £ 000's
As at 1 January 2019	-	257,436	238,596	7,373	503,405
Prior year adjustments (note 40)	-	-	(11,468)	(2,348)	(13,816)
As at 1 January 2019	-	257,436	227,128	5,025	489,589
Profit for the year	-	-	-	122,699	120,186
Dividends paid (note 15)	-	-	-	(121,000)	(121,000)
Net fair value gain on FVOCI investments	-	-	(17,164)	-	(17,164)
Share premium reduction	-	(86,000)	-	86,000	-
As at 31 December 2019	-	171,436	209,964	92,724	474,125
Profit for the year	-	-	-	201,884	201,884
Dividends paid (note 15)	-	-	-	(126,066)	(126,066)
Purchase of net operating losses from other group companies	-	-	-	(61,614)	(61,614)
Net fair value gain on FVOCI investments	-	-	(9,216)	-	(9,216)
Share premium reduction	-	(105,000)	-	105,000	-
As at 31 December 2020	-	66,436	200,748	211,928	479,112

Global Payments U.K. Ltd

Consolidated Balance Sheet

As at 31 December 2020

	Note	As at 31 December 2020 £ 000's	As at 31 December 2019 (restated) (note 40) £ 000's	As at 31 December 2018 (restated) (note 40) £ 000's
Non-current assets				
Goodwill	16	293,794	289,954	291,220
Other intangible assets	17	9,956	7,685	10,219
Investments	19	392,112	397,244	417,923
Property, plant and equipment	18	5,975	5,414	5,703
Right-of-use assets	27	3,602	3,042	-
Contract assets	20	7,582	7,876	7,947
Other receivables	36	-	97,196	-
Total non-current assets		713,021	808,412	733,012
Current assets				
Financial assets at FVTPL	24	10,386	13,817	10,087
Inventories	21	5,978	1,595	975
Trade and other receivables	22	191,243	236,229	526,488
Prepayments		456	827	664
Cash and cash equivalents	22	109,138	182,183	80,083
Total current assets		317,201	434,651	618,297
Total assets		1,030,222	1,243,063	1,351,309
Current liabilities				
Trade and other payables	23	(229,215)	(361,481)	(561,753)
Provision for liabilities	26	(1,199)	(809)	(766)
Current lease liabilities	27	(392)	(218)	-
Current tax liabilities		(253)	(6,370)	(12,686)
Total current liabilities		(231,059)	(368,878)	(575,205)
Non-current liabilities				
Borrowings	25	(189,016)	(189,016)	(189,016)
Deferred tax		(75,031)	(66,961)	(67,373)
Non-current lease liabilities	27	(3,529)	(3,027)	-
Total non-current liabilities		(267,576)	(259,004)	(256,389)
Total liabilities		(498,634)	(627,882)	(831,594)
Net assets		531,587	615,181	519,715
Shareholders' equity				
Share capital	29	-	-	-
Share premium	30	66,437	171,436	257,436
Other reserves	24	200,747	209,964	227,128
Retained earnings	31	264,403	233,781	35,151
Total shareholders' equity		531,587	615,181	519,715

The financial statements of Global Payments U.K. Ltd, registered number 06588689, were approved by the board of directors and authorised for issue. They were signed on its behalf by:

Christopher Davies, Director

31 January 2022

Global Payments U.K. Ltd

Company Balance Sheet
As at 31 December 2020

	Note	As at 31 December 2020 £ 000's	As at 31 December 2019 (restated) (note 40) £ 000's	As at 31 December 2018 (restated) (note 40) £ 000's
Non-current assets				
Investment in other Group company	19	392,112	397,244	417,923
Investment in subsidiaries	19	332,950	290,400	290,627
		725,062	687,644	708,550
Current assets				
Trade and other receivables	22	20,331	39,570	44,923
Cash and cash equivalents	22	2,170	12,807	7,204
Total current assets		22,501	52,377	52,127
Total assets		747,563	740,020	760,677
Current liabilities				
Trade and other payables	23	(4,201)	(3,549)	(2,013)
Current tax liabilities		(253)	(6,370)	(12,686)
Total current liabilities		(4,454)	(9,919)	(14,699)
Non-current liabilities				
Borrowings	25	(189,016)	(189,016)	(189,016)
Deferred tax	28	(74,982)	(66,961)	(67,373)
Total non-current liabilities		(263,998)	(255,977)	(256,389)
Total liabilities		(268,451)	(265,896)	(271,088)
Net assets		479,112	474,124	489,589
Shareholders' equity				
Share capital	29	-	-	-
Share premium	30	66,436	171,436	257,436
Other reserves	24	200,748	209,964	227,128
Retained earnings	31	211,928	92,724	5,025
Total shareholders' equity		479,112	474,124	489,589

The profit for the year of Global Payments U.K. Ltd was £202 million (31 December 2019: £120 million).

The financial statements of Global Payments U.K. Ltd, registered number 06588689, were approved by the board of directors and authorised for issue. They were signed on its behalf by:

Christopher Davies, Director

31 January 2022

Consolidated Cash Flow Statement

For the year ended 31 December 2020

	Note	Year ended 31 December 2020 £ 000's	Year ended 31 December 2019 £ 000's
Net cash generated from operating activities	32	103,578	220,668
Investing activities			
Purchases of property, plant and equipment		(3,449)	(2,923)
Purchase of right-of-use assets		(159)	-
Purchase of intangible assets		(251)	(2,557)
Sale of FVTPL assets		18,218	-
Dividends received		16,727	16,170
Purchase of Bleep (UK) Plc		(11,750)	-
Net cash generated from investing activities		19,336	10,691
Financing activities			
Dividends paid		(126,066)	(121,000)
Purchase of net operating losses from other group companies		(61,614)	-
Interest paid on borrowings		(8,279)	(8,279)
Net cash used in financing activities		(195,959)	(129,279)
(Decrease)/increase in cash and cash equivalents		(73,045)	102,100
Cash and cash equivalents at beginning of year		182,183	80,083
Cash and cash equivalents at year end		109,138	182,183

Company Cash Flow Statement

For the year ended 31 December 2020

	Note	Year ended 31 December 2020 £ 000's	Year ended 31 December 2019 £ 000's
Net cash used in operating activities	32	(1,122)	(17,386)
Investing activities			
Distribution received from subsidiary undertaking		181,442	135,972
Interest received on bank deposits		25	125
Dividends received		16,727	16,170
Purchase of Bleep (UK) Plc		(11,750)	-
Net cash generated from investing activities		186,444	152,267
Financing activities			
Dividends paid		(126,066)	(121,000)
Purchase of net operating losses from other group companies		(61,614)	-
Interest paid on borrowings		(8,279)	(8,279)
Net cash used in financing activities		(195,959)	(129,279)
Net (decrease)/increase in cash and cash equivalents		(10,637)	5,603
Cash and cash equivalents at beginning of year		12,807	7,205
Cash and cash equivalents at year end		2,170	12,807

Notes to the financial statements
For the year ended 31 December 2020

1. General information

Global Payments U.K. Ltd is a private company, limited by shares, incorporated in England and Wales under the Companies' Act 2006. The address of the registered office is given on page 1. The principal activities of the Group and Company are given in the Directors Report.

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

2. Adoption of new and revised Standards

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 9 and IAS 39	Interest Rate Benchmark Reform

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

3. Significant accounting policies

Basis of accounting

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

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

Going concern basis

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

GPUK continues to be a core part of the Group's activities and future plans. As at the date of signing of these financial statements, the entity's activities have continued to operate as the entity's business is essentially dependent on the consumer spending in the economy. The entity has experienced a decline in the card business as a result of COVID-19. However, based on the Group's revenue as well as the developments to date, the Group does not expect a material impact on its financial position as a consequence of the COVID-19 pandemic. This conclusion was reached after stress testing was performed to explore the multiple potential implications of the pandemic.

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entity controlled by the Company (its subsidiary) made up to 31 December each year. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Investments in subsidiaries

Investments are held at historical cost less any repayments of capital over and above profit distributed and less any provision required for impairments. Investments are reviewed annually for impairment and any impairment loss is recognised immediately in the profit and loss account.

Financial instruments

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

Trade receivables

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

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets at FVOCI

Financial assets at fair value through other comprehensive income (FVOCI) relate to equity holdings which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. Fair value changes on FVOCI assets are recognised directly in equity through the statement of changes in equity. The fair value of FVOCI assets denominated in foreign currency are determined through translation at the spot rate at the balance sheet date.

On disposal of these equity holdings, any related balance within the FVOCI reserve is reclassified to retained earnings.

In the prior financial year, the Group had designated equity holdings as available-for-sale where management intended to hold them for the medium to long-term.

Financial assets at FVTPL

Financial assets at fair value through profit and loss (FVTPL) relate to equity holdings which are not held for trading. Fair value changes on FVTPL assets are recognised through profit and loss. The fair value of FVTPL assets denominated in foreign currency are determined through translation at the spot rate at the balance sheet date.

In the prior financial year, the Group had equity holdings that were classified as FVOCI and were subsequently reclassified as FVTPL (see note 40).

Impairment of financial assets

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

Trade and other payables

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

Borrowings

Borrowings are carried in the balance sheet on the amortised cost basis. The initial value recognised includes the principal amount received less any discount on issue or costs of issuance.

Interest and all other costs of the funding are expensed to the income statement as interest payable over the term of the borrowing.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under 'IFRS 3, Business Combinations' are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with 'IFRS 5, Non Current Assets Held for Sale and Discontinued Operations', which are recognised and measured at fair value less costs to sell.

Goodwill

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. Further details on the method of review are given in note 16.

3. Significant accounting policies (continued)

Revenue recognition

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

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

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

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

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

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

Contract assets and costs

The Group capitalises costs it incurs to obtain contracts with customers, including employee sales commissions and fees to business partners. At contract inception, such costs are capitalised that are expected to be recovered and that would not have been incurred if the contract had not been obtained. Also capitalised are certain costs incurred to fulfil contracts with customers that (i) relate directly to the contract, (ii) are expected to generate resources that will be used to satisfy performance obligations under the contract and (iii) are expected to be recovered through revenue generated under the contract. Capitalised costs to obtain and to fulfil contracts were included in contract assets as at 31 December 2020 (note 20).

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

3. Significant accounting policies (continued)

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

Foreign currencies

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

Refunds and chargebacks

The Group incurs chargeback losses when merchants refuse or cannot reimburse for chargebacks resolved in favour of their customers. In the event a dispute between a cardholder and a merchant is not resolved in favour of the merchant, the transaction is normally charged back to the merchant and the purchase price is credited or otherwise refunded to the cardholder. If such amounts are unable to be collected from the merchant's account or reserve account (if applicable), or if the merchant refuses or is unable, due to closure, bankruptcy or other reasons, to reimburse for a chargeback, the Group bears the loss for the amount of the refund paid to the cardholder. Policies are in place to manage merchant-related credit risk and such risks are often mitigated by requiring collateral and monitoring of transaction activity.

Retirement benefit costs

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

Employee share purchase plan

The Group is a member of the Global Payments Inc. Save As You Earn ("SAYE") share scheme. This scheme does not have any market or non-market based vesting condition attached. Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Fair value is calculated using the Black-Scholes valuation method using the key assumptions detailed in note 10 of these financial statements.

The fair value determined at the grant date is expensed on a straight-line basis over the vesting period. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the number of employees remaining in the scheme. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Options are treated as cancelled when employees cease to contribute to the scheme. This results in accelerated recognition of the expenses that would have arisen over the remainder of the original vesting period.

Property, plant and equipment

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

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

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

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

3. Significant accounting policies (continued)

Intangible assets

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

Impairment of tangible and intangible assets excluding goodwill

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

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

Impairment of tangible and intangible assets excluding goodwill (continued)

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

Leases

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

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

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

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

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

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

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

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

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

Operating profit

Operating profit is stated before interest and other income and finance costs.

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3. Significant accounting policies (continued)

Cash and cash equivalents

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

Inventories

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

Provision for liabilities

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

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. Profit of the Company

The profit for the year of Global Payments U.K. Ltd was £191 million (31 December 2019: £120 million). A separate income statement has not been prepared for the Company under the provisions of Section 408 of the Companies' Act 2006.

5. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

The fair value of the unquoted investment in GPAP Ltd has been estimated using a Discounted Cash Flow ("DCF") valuation method. The estimation of fair value requires determination of discount rate and long term growth assumptions which are determined using complex valuation methods and rely on a range of unobservable inputs. Discount rates are determined for Asia-Pacific business segments between a range of 7.3% to 17.7% (31 December 2019: 8.0%-16.6%) by reference to weighted average cost of capital (WACC). Long term growth rates for Asia-Pacific business segments are determined between a range of 1.4% to 5.0% (31 December 2019: 1.4%-5.0%) by reference to the country inflation. These unobservable inputs are based on significant judgement and the sensitivity of the carrying amounts to the methods, assumptions and estimates underlying the calculation is disclosed in note 19 of the financial statements.

In determining the value of the Visa Inc. preference shares, the ordinary share's value has been used as an approximation as both classes of shares have similar dividend rights. Furthermore, estimates have been applied to arrive at a litigation discount in order to account for the future litigation costs of Visa Europe Limited, which could affect the valuation of the shares prior to conversion. Also a marketability discount has been estimated on the value of preference shares based on the illiquidity of preference shares of Visa Inc. Discount for illiquidity is determined by reference to the share price of listed entities in similar industries as 6% (2019: 30%). Litigation discount is 41% (2019: 41%) which is determined by benchmarking rates adopted by similar companies. The sensitivity of the carrying amounts to the methods, assumptions and estimates underlying their calculation are disclosed in note 24 of the financial statements.

The Group cannot readily determine the interest rate implicit in the lease, it uses incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over similar terms which requires estimations when no observable rates are available. The Group estimates the IBR by using market interest rates and adjusting with entity specific estimates such as currency and country risk. Refer note 27 for details.

6. Revenue

	2020 £ 000's	2019 £ 000's
Continuing operations		
Gross merchant service income	683,949	780,796
Less: interchange fees	(379,744)	(451,725)
Less: scheme fees	(182,149)	(162,794)
Net merchant service income	122,056	166,276
Equipment leasing income	11,928	13,371
Other commission income	31,586	34,249
	165,570	213,895

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

7. Operating profit

Profit for the year has been arrived at after charging:

	2020 £ 000's	2019 £ 000's
Depreciation of property, plant and equipment	2,827	3,208
Loss on disposal of property, plant and equipment	625	6
Amortisation of intangible assets excluding goodwill	2,565	5,831
Staff costs (note 9)	19,126	20,479
Operating lease payments	-	-
Depreciation of right-of-use asset	578	550

8. Auditor's remuneration

The analysis of auditor's remuneration is as follows:

	2020 £ 000's	2019 £ 000's
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	14	14
Fees payable to the Company's auditor and their associates for other services to the Group		
The audit of the Company's subsidiary pursuant to legislation	263	272
Total audit fees	277	286

Fee's payable to the Group's auditor of £40,000 (31 December 2019: £40,000) were made in relation to other assurance services.

9. Staff costs

The average monthly number of employees (including executive directors) was:

	2020	2019
Sales	83	103
Administrative	255	223
	338	325

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All staff are employed by Global Payments U.K. Ltd with the costs recharged to GPUK LLP on a monthly basis.

Their aggregate remuneration comprised:

	2020 £ 000's	2019 £ 000's
Wages and salaries	15,699	17,170
Social security costs	2,334	2,203
Other pension costs	1,093	1,106
	19,126	20,479

One director serving during the year, who is the highest paid director, received remuneration from Global Payments U.K. Ltd with a salary of £537,000 (31 December 2019: £507,000) and pension costs of £nil (31 December 2019: £nil).

All other directors are paid by Global Payments Inc. with no recharge to Global Payments U.K. Ltd as their services to the company were incidental.

10. Employee share purchase plan

The employee share purchase plan is open to almost all employees and provides for a purchase price equal to the middle market quotation of Global Payments Inc. shares at the close of business on the day immediately preceding the day the Directors decide to invite applications, less 15%. The plan vests after three years with participants having a further six months in which to exercise the option to buy shares. The Company creates a new scheme under the plan each year and, currently, there are three schemes active with exercise dates 1 November 2020, 1 November 2021 and 1 November 2022.

At the period end, the weighted average grant-date fair value of each designated share under this plan was $14.27 (£10.44) for the scheme ended 1 November 2021; $17.14 (£12.54) for the scheme ended 1 November 2022 and $17.42 (£12.74) for the scheme ended 1 November 2023. These values represent the fair value of the 15% discount applied calculated using the Black-Scholes valuation method.

Shares are purchased at the prevailing Sterling-US dollar exchange rate at the date of purchase, subsequent to the vesting period; as such the exact number of shares over which the option to purchase is held is undetermined at 31 December 2020 and will remain undetermined until the date of purchase. Assuming the Sterling-US dollar exchange rate remains unchanged from the period end rate the following would be true:

	2020 £ 000's Number	2019 £ 000's Number
Number of options outstanding at beginning of year	35,203	36,788
Number of options granted	10,128	9,849
Number of options forfeited	(15,251)	(11,434)
Number outstanding as at year end	30,080	35,203

11. Restricted shares

The Group has a restricted share scheme in place whereby selected employees are able to earn compensation in the form of Global Payments Inc. company shares.

Shares and performance units awarded under the restricted share programme of the Plans are held in escrow and released to the grantee upon the grantee's satisfaction of conditions of the grantee's restricted share agreement.

The grant date fair value of restricted share awards is based on the quoted market value of the shares at the award date.

Restricted stock will either vest in equal instalments on each of the first three anniversaries of the grant date or cliff vest at the end of a three-year service period.

Details of the share options outstanding are as follows:

	2020 £ 000's	2019 £ 000's
Number of options outstanding at beginning of year	27,154	31,239
Number of options granted	8,589	15,227
Number of options forfeited	(2,367)	(6,421)
Number of options vested	(13,826)	(12,891)
Number outstanding as at year end	19,550	27,154

The expense for the year ended 31 December 2020 amounts to £1.2m (31 December 2019: £1.2m).

The share price as at 31 December 2020 closed at $215.42 or £157.59 at the year end exchange rate (31 December 2019: $182.56, £137.31).

At the year end it is estimated that 84% to 96% of the shares will vest. All costs in respect of the shares awarded to employees of the company are borne by the ultimate parent company Global Payments Inc. Upon vesting, no payment is required from the employee, for any of the restricted shares granted. The weighted average life to vesting is 268 days (31 December 2019: 289 days).

12. Interest and other income

	2020 £ 000's	2019 £ 000's
Interest on non-current other receivables	-	3,343
Interest received	3,830	1,015
Dividend received from GPAP Ltd	16,727	16,170
	20,557	20,528

13. Finance costs

	2020 £ 000's	2019 £ 000's
Interest on loan from immediate parent company (note 25)	8,400	8,279
Bank interest	-	-
	8,400	8,279

14. Tax

	2020 £ 000's Group & Company	2019 £000's Group & Company
Corporation tax:		
- Current tax for year	107	17,956
Deferred tax (note 28)		
- Current tax for year	15,571	1,538
- Tax rate change impact	2,818	222
- Adjustments in respect of prior years	270	127
	18,767	19,843

At Budget 2015, the UK Government enacted legislation to reduce the UK income tax rate to 17% with effect from 1 April 2020. At Budget 2020, it was further announced that the corporation Tax rate for the year starting 1 April 2020 and 2021 would revert back to 19%. Therefore, the effective UK income tax rate for the period is 19% (31 December 2019: 19%). The closing deferred tax assets and liabilities have been calculated taking in to account that existing temporary differences may unwind in periods subject to the higher rates. The charge for the year can be reconciled to the profit per the income statement as follows:

	2020 £ 000's Group & Company	2019 £ 000's Group & Company
Profit before tax on continuing operations	132,069	250,961
Tax at the corporation tax rate of 19% (31 December 2019: 19%)	25,093	47,683
Group relief for losses	(5,875)	(8,322)
Rate difference	2,818	(222)
Dividend received - non taxable	(3,211)	(3,112)
Expenses not allowable for corporation tax	-	19
Other	(59)	(38)
	18,767	19,843

15. Dividends

	2020 £ 000's Group & Company	2019 £ 000's Group & Company
Amounts recognised as distributions to equity holders in the year:		
Dividends declared and paid during the year	126,066	121,000
Dividends per share	15,758	15,125

16. Goodwill

	2020 £ 000's	2019 £ 000's
Brought forward	289,954	291,220
Addition (note 37)	3,840	-
Disposal	-	(1,266)
Net realisable value	293,794	289,954

Goodwill recognised relates to the acquisition of the trade and assets of the HSBC Merchant Services division from HSBC Bank plc on 1 July 2008. The addition in the year relates to the acquisition of the trade and assets of Bleep (UK) plc.

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. No impairment was identified in the year (31 December 2019: £nil). No goodwill is held in the balance sheet of the Company (31 December 2019: £nil).

The trade of the Group represents a single cash generating unit. The recoverable amounts of the cash generating units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates (31 December 2020: 10%, 31 December 2019: 10%), growth rates (31 December 2020: 2%, 31 December 2019: 2%) and period over which cash flows are considered (31 December 2020: 5 years, 31 December 2019: 5 years).

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next five years and extrapolates cash flows for the following five years based on estimated growth rates, together with sensitivity analysis.

Movement in goodwill in the year relates to the partial sale of the online business as well as the acquisition of Bleep (UK) plc.

17. Other intangible assets

	Acquired Technology £ 000's	Customer Contracts £ 000's	Bleep brand name £ 000's	Customer relationships £ 000's	Distribution channels £ 000's	Software £ 000's	Total £ 000's
Cost							
At 1 January 2020	-	-	-	115,056	12,746	11,401	139,203
Acquired during the year	4,150	580	1,170	-	-	251	6,151
At 31 December 2020	4,150	580	1,170	115,056	12,746	11,652	145,104
Amortisation							
At 1 January 2020	-	-	-	112,422	12,746	6,350	131,518
Charge for the year	830	445	117	2,130	-	359	3,881
At 31 December 2020	830	445	117	114,552	12,746	6,709	135,399
Carrying amount							
At 31 December 2019	-	-	-	2,634	-	5,051	7,685
At 31 December 2020	3,320	135	1,053	504	-	4,943	9,955

Amortisation is included within "administrative expenses".

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At 31 December 2020, the Group had no contractual commitments for the acquisition of intangibles (31 December 2019: £nil).

No other intangible assets are held in the balance sheet of the Company (31 December 2019: £nil).

18. Property, plant and equipment

	Short leasehold £ 000's	Leasehold improvements £ 000's	Terminal estate £ 000's	Other fixtures and equipment £ 000's	Motor vehicles £ 000's	Total £ 000's
Cost						
At 1 January 2020	-	1,771	21,785	941	-	24,497
Additions	269	68	3,573	194	26	4,130
Disposals	-	-	(1,923)	(116)	-	(2,039)
At 31 December 2020	269	1,839	23,435	1,019	26	26,588
Accumulated depreciation and impairment						
At 1 January 2020	-	59	18,261	762	-	19,082
Charge for the year	22	370	2,241	157	26	2,816
Disposals	-	-	(1,169)	(116)	-	(1,285)
At 31 December 2020	22	429	19,333	803	26	20,613
Carrying amount						
At 31 December 2019	-	1,712	3,523	179	-	5,414
At 31 December 2020	247	1,410	4,102	216	-	5,975

At 31 December 2020, the Group had no contractual commitments for the acquisition of equipment (31 December 2019: £nil)

No property, plant and equipment is held in the balance sheet of the Company (31 December 2019: £nil).

19. Investments

Global Payments U.K. Ltd owns 100% of ordinary shares in GPUK LLP (31 December 2019: 100%) and is accounted for as a subsidiary in the consolidated financial statements of Global Payments U.K. Ltd. The principal activity of GPUK LLP is merchant acquiring, which is the electronic transaction processing of point-of-sale payments on issued debit and credit cards and is incorporated as a limited liability partnership in England and Wales. GPUK LLP shares the same registered address as GPUK Ltd.

Global Payments U.K. Ltd owns 100% of ordinary shares in Bleep (UK) plc (acquired in the year) and is accounted for as a subsidiary in the consolidated financial statements of Global Payments U.K. Ltd. The principal activity of Bleep (UK) plc is research and development, procurement, manufacturing and distributing of Touch Screen Electronic Point of Sales systems and is incorporated as a public limited company in England and Wales. Bleep (UK) plc shares the same registered address as GPUK Ltd.

Global Payments U.K. Ltd holds 44% of ordinary shares as a strategic non-controlling interest (31 December 2019: 44%) in Global Payments Asia-Pacific Limited ("GPAP Ltd"), a non-listed company incorporated in Hong Kong. The Group does not exert control or influence over GPAP Ltd and its operations as such this is accounted for as an investment, and held at fair value under IFRS 9.

19. Investments (continued)

	GPUK LLP and Bleep £ 000's
Balance at 1 January 2019	304,443
LLP distributions	(14,043)
Balance at 1 January 2020	290,400
Acquisition of Bleep	11,750
LLP profit less distributions	30,800
Balance at 31 December 2020	332,950

	GPAP Ltd £ 000's
Balance at 1 January 2019	417,923
Fair value loss during the year excluding deferred tax	(17,164)
Deferred tax impact on fair value loss	(3,514)
Balance at 1 January 2020	397,244
Fair value loss during the year excluding deferred tax	(4,157)
Deferred tax impact on fair value loss	(974)
Balance at 31 December 2020	392,112

The investment in GPAP Ltd is an investment in a non-listed company and classified as a Level 3 instrument in accordance with IFRS 13, 'Fair Value Measurement', as the valuation is determined using a combination of observable and unobservable inputs. Significant assumptions have been made in respect of the discount rate used to estimate the fair value. These inputs are unobservable and the sensitivity analysis of these two assumptions is detailed below.

Financial assets / financial liabilities	Fair value as at 31 Dec 2020 £ 000's	Fair value hierarchy	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Investment in GPAP	392,112	Level 3	Discount rate is determined between a range of 7.9%-16.5% by reference to the company weighted average cost of capital (WACC).	An increase of 1% in the discount rate for all segments in isolation would result in a decrease of £51,213k in the fair value.
			Long term growth rate is determined between a range of 1.3%-4.9% by reference to the country inflation.	An increase of 1% in the long term growth rate for all segments in isolation would result in an increase of £56,841k in the fair value.

20. Contract assets

	Total £ 000's
At 1 January 2019	7,947
Additions during the year	1,621
Released during the year	(1,692)
At 31 December 2019	7,876
Additions during the year	1,505
Released during the year	(1,799)
At 31 December 2020	7,582

Contract assets consists of incremental commission expenses in connection with obtaining sales contracts with customers.

21. Inventories

	2020 £ 000's	2019 £ 000's
Inventories	5,978	1,595

No inventory is held in the balance sheet of the Company (31 December 2019: £nil). No inventories are impaired at the year-end or written off during the year (31 December 2019: £nil).

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22. Other financial assets

Trade and other receivables

	2020 £ 000's Group	2020 £ 000's Company	2019 £ 000's Group	2019 £ 000's Company
Trade receivables	23,275	-	25,743	-
Settlement processing assets	117,319	-	186,053	-
Other receivables	36	-	170	-
Due from subsidiary undertaking – distribution receivable	-	29,061	-	37,400
Due from group Companies'	50,612	(8,730)	24,263	2,169
	191,243	20,331	236,229	39,570

Balances between the related parties are settled monthly, further details of intercompany balances can be found in the related party disclosure, note 35.

Total trade receivables held by the Group at 31 December 2020 amounted to £23.3 million (31 December 2019: £25.7 million), none of which were impaired (31 December 2019: none). No trade receivables were held within the Company at 31 December 2020 (31 December 2019: £nil). The directors consider that the carrying amount of trade receivables approximates to their fair value.

Settlement processing assets

	2020 £ 000's	2019 £ 000's
Receivable from networks	117,320	186,053
	117,320	186,053

Cash and cash equivalents

	2020 £ 000's Group	2020 £ 000's Company	2019 £ 000's Group	2019 £ 000's Company
Cash and cash equivalents	109,138	2,170	182,183	12,807

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value. £9.4 million (31 December 2019: £11.6 million) is merchants' cash held as collateral by the Group.

Notes to the financial statements
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23. Other financial liabilities

Trade and other payables

	2020 £ 000's Group	2020 £ 000's Company	2019 £ 000's Group	2019 £ 000's Company
Trade creditors and accruals	24,880	193	21,786	3,549
Other payables	2,950	-	4,476	-
Due to group Companies'	29,167	4,008	11,587	-
Settlement processing payables	172,218	-	323,640	-
	229,215	4,201	361,481	3,549

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

All financial liabilities are payable within three months of the balance sheet date, with the exception of merchant deposits of £19.8 million (31 December 2019: £23.0 million), classified within settlement processing payables which are repayable on demand.

Settlement processing payables

	2020 £ 000's Group	2019 £ 000's Group
Liability to Merchants	170,452	317,936
Interchange reimbursement	(11,685)	(14,950)
Exception items	(6,350)	(2,357)
Merchant reserves	19,802	23,011
	172,218	323,640

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

24. Financial assets at FVTPL

Pursuant to the sale of Visa Europe Limited to Visa Inc., GPUK LLP was entitled consideration in the form of upfront cash amounting to €25.6 million, deferred cash amounting to €2.4 million and preference shares with a fair value at 31 December 2020 of £10.4 million.

As at 31 December 2020, only preference shares are classified as FVTPL financial assets. The increase in the fair value of the financial asset of £3.5m during the year ended 31 December 2020 has been recognised in the profit and loss account. During the year, Visa Europe preference shares with a value of £6.9m were disposed of for a consideration of £18.2m, resulting in a profit on disposal of £11.3m. The total value of the shares has reduced from £13.8m to £10.4m, as shown in the table below, as a result of the sale of 50% of the shares, with the remaining shares increasing in fair value from £6.9m to £10.4m.

Financial assets / financial liabilities	Fair value at 31 Dec 2019	Fair value post sale of 50% shares	Fair value at 31 Dec 2020	Movement
Preference shares - FVTPL financial assets	£13,817,000	£6,908,500	£10,385,745	£3,477,245

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

These preference shares are classified as Level 3 instruments in accordance with IFRS 13, 'Fair Value Measurement', as the valuation is determined using a combination of observable and unobservable inputs. As the ordinary share price is readily available, this input is deemed to be observable. However, assumptions have been made in respect of the illiquidity adjustment to the share price (note 5). These inputs are therefore deemed to be unobservable, with fair value impact detailed below.

Financial assets / financial liabilities	Fair value as at		Fair value hierarchy	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31 Dec 2020	31 Dec 2019			
Preference shares - FVTPL financial assets	£10,385,745	£13,817,000	Level 3	Discount for illiquidity is determined as 6% by reference to the share price of listed entities in similar industries.	An increase of 1% in the discount for illiquidity used in isolation would result in a decrease of £110,487 in the fair value.
				Litigation discount has been determined as 41% by benchmarking rates adopted by similar entities.	An increase of 1% in the discount for litigation used in isolation would result in a decrease of £175,976 in the fair value.

25. Borrowings

	2020 £ 000's Group & Company	2019 £ 000's Group & Company
Unsecured borrowing at amortised cost		
Loans from immediate parent company	189,016	189,016
Total borrowings	189,016	189,016
Amount due for settlement within 12 months	-	-
Amount due for settlement after 12 months	189,016	189,016

In February 2017 the company issued bonds totalling £189m and listed the bonds on the Channel Islands Securities Exchange, which now constitutes the outstanding loan balance payable to Global Payments Acquisition Corporation HK Holding Ltd at the year end.

The bonds are listed as a £30,408,076.39 5.00% Eurobond due 2027, a £58,607,510 3.00% Eurobond due 2027 and a £100,000,000 5.00% Eurobond due 2027. The annual interest payable of £8,278,629 equates to the cash paid during the year, and is included within financing activities in the consolidated statement of cash flows.

26. Provision for liabilities

	Chargeback provision £ 000's	Restructuring provision £ 000's	Total £ 000's
Provision as at 1 January 2019	266	500	766
Provision utilised during the year	(701)	(2,136)	(2,837)
Provision released during the year	(98)	-	(98)
Transactions provided against during the year	645	2,333	2,978
Provision as at 31 December 2019	112	697	809
Provision utilised during the year	(2,716)	(9,092)	(11,808)
Provision released during the year	-	-	-
Transactions provided against during the year	3,303	8,895	12,198
Provision as at 31 December 2020	699	500	1,199

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

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

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27. Leases

Right-of-use assets

The Group leases several assets including property and equipment. The average lease term is 10 years for property and 5 years for equipment (2019: 10 years for property, 5 years for equipment)

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

	Land & Buildings £000's	Equipment £000's	Total Right-of-Use Assets £000's
Cost			
Aa at 1 January 2020	3,302	351	3,653
Additions	1,133	6	1,139
Disposals	-	-	-
As at 31 December 2020	4,435	357	4,792
Accumulated depreciation and impairment			
As at 1 January 2020	491	120	611
Charge for the year	525	53	578
As at 31 December 2020	1,016	173	1,189
Carrying amount			
As at 31 December 2019	2,811	231	3,042
As at 31 December 2020	3,419	183	3,602

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27. Leases (continued)

Lease liabilities

	31 December 2020 £000's	31 December 2019 £000's
Lease liabilities		
Total undiscounted minimum lease payments payable in settlement of lease liabilities	4,607	3,883
Less: future finance charges	(686)	(638)
Present value of lease obligations	3,921	3,245
Less amounts included in current liabilities	(392)	(218)
Amounts included in non-current liabilities	3,529	3,027

	31 December 2020 £000's	31 December 2019 £000's
Current lease liabilities	392	218
Non-current lease liabilities	3,529	3,027

27. Leases (continued)

Liquidity risk

	Net Cash Outflows £000's
Ageing of lease liability	
31 December 2020	434
31 December 2021	531
31 December 2022	531
31 December 2023	531
31 December 2024	541
31 December 2025	510
31 December 2026	510
31 December 2027	510
31 December 2028	510
31 December 2029	196
31 December 2030	92
31 December 2031	92
31 December 2032	54

Net cash outflows	**31 December 2020 £000's**	**31 December 2019 £000's**
Within 1 year	531	342
Between 1 and 5 years	2,112	1,765
Over 5 years	1,964	1,776
	4,607	3,883

Notes to the financial statements
For the year ended 31 December 2020

28. Deferred tax

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances of the Company (after offset) for financial reporting purposes:

	Depreciation in excess of capital allowances £ 000's	Taxable allowances in excess of amortisation £ 000's	Asset held for sale £ 000's	Acqusition of losses £ 000's	Other £ 000's	Total £ 000's
Balance as at 31 December 2018	1,273	(19,976)	(47,823)	-	(846)	(67,373)
Charge to comprehensive income	93	(1,980)	2,470	-	(171)	412
Balance as at 31 December 2019	1,366	(21,956)	(45,353)	-	(1,017)	(66,961)
Charge to income statement	150	(4,800)	598	(14,453)	116	(18,389)
Charge to comprehensive income			(4,084)	-	-	(4,084)
Other – acquisition of losses				14,453	-	14,453
Balance as at 31 December 2020	1,516	(26,757)	(48,839)	-	(901)	(74,982)

The Group does not have any uncertain tax positions at the year end (31 December 2019: nil).

29. Share capital

	2020 Group & Company £'s	2019 Group & Company £'s
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Issued and fully paid:		
Ordinary shares of £1 each	8	8

The Group has one class of ordinary shares which carry no right to a fixed dividend.

All shares were issued to Global Payments Acquisition Corporation 3 LLC.

30. Share premium

	Group & Company £ 000's
At 31 December 2019	171,436
Share capital reduction	(105,000)
At 31 December 2020	66,436

In January 2020, by way of a special resolution in accordance with Chapter 2 of Part 13 of Companies Act 2006, the share premium account was reduced by £105 million with a resulting credit to retained earnings.

31. Retained earnings

	Group £ 000's	Company £ 000's
Balance as at 1 January 2019	37,664	7,538
Profit for the year	231,117	120,186
Dividends paid	(121,000)	(121,000)
Share capital reduction (note 29)	86,000	86,000
Balance as at 31 December 2019	233,781	92,724
Profit for the year	113,302	201,884
Dividends paid	(126,066)	(126,066)
Purchase of net operating losses from other group companies	(61,614)	(61,614)
Share capital reduction (note 29)	105,000	105,000
Balance as at 31 December 2020	264,403	211,928

Dividends paid during the year of £126.1 million are included within financing activities in the consolidated statement of cash flows.

32. Notes to the cash flow statement

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

Cash flows from operating activities (Group)

	2020 £ 000's	2019 £ 000's
Operating profit	105,031	146,124
Depreciation of property, plant and equipment	2,827	3,208
Decrease in contract assets	294	71
Amortisation of intangible assets	3,881	5,090
Loss on disposal of property, plant and equipment	1,109	6
Increase in provisions	390	43
Increase in inventories	(3,666)	(620)
Decrease in trade receivables	85,066	295,613
Decrease/(increase) in prepayments	370	(163)
Decrease in trade and other payables	(71,028)	(205,625)
Increase in lease liabilities	(161)	(287)
Depreciation of right-of-use asset	502	550
Principal lease payments	(60)	(60)
Interest lease payments	(13)	(13)
Cash generated from operations	124,542	243,950
Interest (paid)/received	(66)	1,029
Corporation tax paid in the year	(20,898)	(24,277)
Net cash from operating activities	103,578	220,688

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32. Notes to the cash flow statement (continued)

Cash flows from operating activities (Company)

	2020 £ 000's	2019 £ 000's
Operating loss	(65)	-
Decrease in trade and other receivables	19,238	5,354
Increase in trade and other payables	652	1,537
Net cash inflow/(outflow) from operations	19,825	6,891
Corporation tax paid in the year	(20,947)	(24,277)
Net cash outflow from operating activities	(1,122)	(17,386)

33. Retirement benefit schemes
Defined contribution schemes

The Group operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in funds under the control of trustees. The ultimate parent company is Global Payments Inc.

The total cost charged to the profit and loss account of £1.0 million (31 December 2019: £1.1 million) represents contributions payable to the scheme by the Group at rates specified in the rules of the plans. As at 31 December 2019, all contributions in respect of the current reporting period had been paid over to the scheme.

34. Risk management

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

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

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

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

Credit risk management

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. With specific regard to merchant acquiring, it arises primarily from the risk of chargebacks. The Group has standards, policies and procedures dedicated to monitoring and managing risk, within the Group framework of HSBC Bank plc.

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

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

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

The maximum exposure to credit risk on financial assets at 31 December 2020 was £278 million (31 December 2019: £406 million).

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

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

	2020 **£ 000's**	**2019** **£ 000's**
Stage 1 assets	191,243	333,426
Stage 2 and Stage 3 assets	-	-

Market risk management

The Group's balance sheet at 31 December 2020 primarily comprises assets and liabilities denominated in Pounds Sterling and, as such, it is not exposed significantly to currency risk.

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

	Assets **2020** **£ 000's**	**Assets** **2019** **£ 000's**
Foreign currency	2,907	3,782

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

A 10% adverse movement in each of the foreign currency exchange rates would result in a decrease of £264,274 in the value of the assets at the reporting date.

34. Risk management (continued)

Liquidity risk management

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

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to the shareholder through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings, cash and cash equivalents and equity attributable to equity holders of the Group.

Financial instruments

As at 31 December 2019 the Group's balance sheet included the following financial instruments:

Financial Assets	**Group cash and cash equivalents £ 000's**	**Group loans and receivables £ 000's**	**Group other assets £ 000's**	**Total £ 000's**
Cash and cash equivalents	182,183	-	-	182,183
Investments – other assets	-	-	397,244	397,244
Trade receivables and other receivables	-	333,426	-	333,426
	182,183	333,426	397,244	912,853

Financial Liabilities	**Group payables £ 000's**	**Total £ 000's**
Trade and other payables	361,481	361,481
Borrowings	189,016	189,016
	550,496	550,496

Financial Assets	**Company cash and cash equivalents £ 000's**	**Company loans and receivables £ 000's**	**Company other assets £ 000's**	**Total £ 000's**
Cash and cash equivalents	12,807	-	-	12,807
Investments	-	-	397,244	397,244
Trade receivables and other receivables	-	39,570	-	39,570
	12,807	39,570	397,244	449,621

Financial Liabilities	**Company payables £ 000's**	**Total £ 000's**
Trade and other payables	3,549	3,549
Borrowings	189,016	189,016
	192,565	192,565

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34. Risk management (continued)

At the year end the group's balance sheet included the following financial instruments:

Financial Assets	**Group cash and cash equivalents £ 000's**	**Group loans and receivables £ 000's**	**Group other assets £ 000's**	**Total £ 000's**
Cash and cash equivalents	109,138	-	-	109,183
Investments – other assets	-	-	392,112	392,112
Trade receivables and other receivables	-	191,243	-	191,243
	109,138	191,243	392,112	692,538

Financial Liabilities	**Group payables £ 000's**	**Total £ 000's**
Trade and other payables	229,215	229,215
Borrowings	189,016	189,016
	418,231	550,496

Financial Assets	**Company cash and cash equivalents £ 000's**	**Company loans and receivables £ 000's**	**Company other assets £ 000's**	**Total £ 000's**
Cash and cash equivalents	2,170	-	-	2,170
Investments	-	-	392,112	392,112
Trade receivables and other receivables	-	20,331	-	20,331
	2,170	20,331	392,112	414,613

Financial Liabilities	**Company payables £ 000's**	**Total £ 000's**
Trade and other payables	4,201	4,201
Borrowings	189,016	189,016
	193,216	193,216

All liabilities are held on an amortised cost basis at 31 December 2020 and 31 December 2019.

34. Risk management (continued)

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

As at 31 December 2019	Not more than three months	More than three months but not more than one year	More than one year but not more than five years	More than five years	Total
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Financial Assets					
Cash and cash equivalents	182,183	-	-	-	182,183
Investments - other assets	-	-	-	397,244	397,244
Trade receivables and other receivables	236,229	-	-	97,196	333,425
Total financial assets	418,412	-	-	494,440	912,852
Financial Liabilities					
Trade and other payables	361,481	-	-	-	361,481
Borrowings	-	189,016	-	-	189,016
Total financial liabilities	361,481	189,016	-	-	550,497
Gap	56,931	(189,016)	-	494,440	362,355
Cumulative gap	56,931	(132,085)	(132,085)	362,355	362,355

As at 31 December 2020	Not more than three months	More than three months but not more than one year	More than one year but not more than five years	More than five years	Total
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Financial Assets					
Cash and cash equivalents	109,138	-	-	-	109,138
Investments - other assets	-	-	-	392,112	392,112
Trade receivables and other receivables	191,243	-	-	-	191,243
Total financial assets	300,381	-	-	392,112	692,493
Financial Liabilities					
Trade and other payables	229,215	-	-	-	229,215
Borrowings	-	189,016	-	-	189,016
Total financial liabilities	229,215	189,016	-	-	418,231
Gap	71,166	(189,016)	-	392,112	274,262
Cumulative gap	71,166	(117,850)	(117,850)	274,262	274,262

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34. Risk management (continued)

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

As at 31 December 2019	Not more than three months	More than three months but not more than one year	More than one year but not more than five years	More than five years	Total
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Financial Assets					
Cash and cash equivalents	12,807	-	-	-	12,807
Investments – other assets	-	-	-	397,244	397,244
Trade receivables and other receivables	39,570	-	-	-	39,570
Total financial assets	52,377	-	-	397,244	449,621
Financial Liabilities					
Trade and other payables	3,549	-	-	-	3,549
Borrowings	-	189,016	-	-	189,106
Total financial liabilities	3,549	189,016	-	-	192,565
Gap	48,828	(189,016)	-	397,244	257,056
Cumulative gap	48,828	(140,188)	(140,188)	257,056	257,056

As at 31 December 2020	Not more than three months	More than three months but not more than one year	More than one year but not more than five years	More than five years	Total
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Financial Assets					
Cash and cash equivalents	2,170	-	-	-	2,170
Investments – other assets	-	-	-	392,112	392,112
Trade receivables and other receivables	20,331	-	-	-	20,331
Total financial assets	22,501	-	-	392,112	414,613
Financial Liabilities					
Trade and other payables	4,201	-	-	-	4,201
Borrowings	-	189,016	-	-	189,106
Total financial liabilities	4,201	189,016	-	-	193,216
Gap	18,300	(189,016)	-	392,112	221,397
Cumulative gap	18,300	(170,715)	(170,715)	221,397	221,397

35. Related party transactions

Transactions between the Company, the Group and its associates are disclosed below.

The immediate parent company is Global Payments Acquisition Corporation 3 LLC, and the ultimate parent is Global Payments Inc.

Trading transactions

During the year, the Company entered into the following transactions with related parties:

	Purchase of goods and services		Interest paid		Amounts owed to related parties		Amounts owed by related parties	
	31 December 2020 £ 000's	31 December 2019 £ 000's	31 December 2020 £ 000's	31 December 2019 £ 000's	31 December 2020 £ 000's	31 December 2019 £ 000's	31 December 2020 £ 000's	31 December 2019 £ 000's
Global Payments Acquisition Corporation HK Holding Ltd	-	-	8,279	8,279	189,016	189,016	-	-
GPUK LLP	-	-	-	-	-	-	192	39,570
Total System Services Processing Europe Ltd	-	-	-	-	4,008	-	-	-
Global Technology UK 2 Ltd	-	-	-	-	-	-	20,140	-

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

During the year, the Group entered into the following transactions with related parties:

	Purchase of goods and services		Interest paid		Amounts owed to related parties		Amounts owed by related parties	
	31 December 2020 £ 000's	31 December 2019 £ 000's	31 December 2020 £ 000's	31 December 2019 £ 000's	31 December 2020 £ 000's	31 December 2019 £ 000's	31 December 2020 £ 000's	31 December 2019 £ 000's
Global Payments Acquisition Corporation HK Holding Ltd	-	-	8,279	8,279	189,016	189,016	-	-
Global Payments Inc.	-	14,407	-	-	1,174	1,573	-	-
Global Payments Europe	-	-	-	-			3,705	97,532
GPC Financial Corporation	-	-	-	-	23,595	9,574	-	-
Global Payments Asia-Pacific Limited	-	-	-	-	-	-	9,194	19,370
Global Payments Australia Pty Ltd	-	-	-	-	-	-	17,485	4,558
Total System Services Processing Europe Ltd	-	-		-	4,008	-	-	-
The UK Cards Association Limited	-	100	-	-	-	-	-	-
Global Technology UK 2 Ltd	-	-	-	-	-	-	20,140	-
Ezidebit PTY							88	

With exception to the long-term balance receivable from Global Payments Europe s.r.o., the amounts outstanding are unsecured, not interest bearing and will be settled in cash/on demand. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

The UK Cards Association Limited is a related party by virtue of Christopher Davies being a director of both Global Payments U.K. Ltd and The UK Cards Association Limited. All other related parties have a common ultimate controlling party.

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36. Partial sale of online business

Following the government's announcement of the UK leaving the European Union ("Brexit") and to support the continuation of processing of transactions for all customers domiciled in the EU and UK, on 16 April 2019, the Group disposed of its EU and UK-based customer contracts within its international acquiring business (the "Business") to a related entity, Global Payments Europe s.r.o. ("GPE"). The Business transferred comprised the customer contracts and any receivables/liabilities under those contracts required by GPE in order to operate the Business on its own with GPUK remaining a party to the third-party processor agreement to continue servicing IA merchants not transferred to GPE.

Non-cash consideration for this disposal amounted to a £93.9m loan from GPUK to GPE that was included in the Group's balance sheet under non-current assets. Interest income relating to the loan amounted to £3.3m for the prior financial year (2018: nil). The proportion of goodwill relating to the Business was determined to be £1.3m, and was deducted from the consideration to arrive at the profit on disposal.

During the year, the intercompany loan balance due from GPE was extinguished through a common parent company.

Non-current assets - other receivables

Receivable from GPE	**Total** **£ 000's**
As at 31 December 2019	97,196
Extinguishing of loan	(97,196)
At 31 December 2020	-

37. Acquisition of Bleep (UK) plc

The Group acquired 100% of Bleep (UK) plc on 17th January 2020 for a consideration of £11.75m. The principal activity of the company is that of research and development, procurement, manufacturing and distributing of Touch Screen Electronic Point of Sales systems which have worldwide marketability. Bleep (UK) plc is an unquoted company limited by shares.

Goodwill of £3.8m is held on the balance sheet (see note 16), as well as other intangible assets, including acquired technology, customer contracts and brand name, with a total carrying amount at the balance sheet date of £4.5m (see note 17).

Revenue for the period ended 31 December 2020 was £2.5 million (period ended 16 January 2020: £6 million). The operating loss for the year ended 31 December 2020 was £0.9m million (period ended 16 January 2020: £0.7m profit).

38. Ultimate parent undertaking and controlling party

At both the balance sheet date and the date of approval of these financial statements, the ultimate parent undertaking and controlling party is Global Payments Inc., a group incorporated in the United States of America. At both the balance sheet date and the date of approval of these financial statements, the immediate parent undertaking is Global Payments Acquisition Corporation 3 LLC, a company incorporated in the United States of America.

The parent undertaking of the largest and smallest group in which the Group is consolidated is Global Payments Inc. Copies of the consolidated financial statements for Global Payments Inc. can be obtained from the Investor Relations page at www.globalpaymentsinc.com.

39. Events after balance sheet date

Covid-19 has had an adverse effect on sales in the first three quarters of 2021, but with a healthy balance sheet the directors feel the company continues to have exciting prospects going forward.

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

40. Prior year adjustment

The company holds an investment in preferred stock issued by VISA Inc. which was designated at fair value through other comprehensive income (FVOCI) in previous years. Following a review of industry practice and the requirements of IFRS9, this investment has been reclassified to fair value through profit or loss (FVTPL) with the prior year statement of financial position and income statement being restated as set out below.

	Note	31 December 2019 £000's	31 December 2019 (adjustments) £ 000's	31 December 2019 (restated) £ 000's
Revenue	6	213,895	-	213,895
Administrative expenses		(67,773)	-	(67,773)
Operating profit	7	146,122	-	146,122
Interest and other income	12	20,528	-	20,528
Profit from partial sale of International Acquiring business		92,588	-	92,588
Profit on disposal of VISA shares		-	-	-
Fair value gain on FVOCI financial assets – preference shares	24	-	2,514	2,514
Finance costs	13	(8,279)	-	(8,279)
Profit before tax		250,961	2,514	253,473
Tax	14	(19,843)	-	(19,843)
Profit for the year		231,117	2,514	233,630
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Fair value gain on FVOCI financial assets – preference shares		2,514	(2,514)	-
Fair value loss on FVOCI financial assets – investments	19	(17,164)	-	(17,164)
Total comprehensive income		216,466	-	216,466
Attributable to:				
Equity holders of the Group		216,466	-	216,466
		216,466	-	216,466

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	Note	As at 31 December 2019 £ 000's	As at 31 December 2019 (adjustments) £ 000's	As at 31 December 2019 (restated) £ 000's
Non-current assets				
Goodwill	16	289,954	-	289,954
Other intangible assets	17	7,685	-	7,685
Investments	19	397,244	-	397,244
Property, plant and equipment	18	5,414	-	5,414
Right-of-use assets	27	3,042	-	3,042
Contract assets	20	7,876	-	7,876
Other receivables		97,196	-	97,196
Total non-current assets		808,412	-	808,412
Current assets				
Financial assets at FVOCI	24	13,817	-	13,817
Inventories	21	1,595	-	1,595
Trade and other receivables	22	236,229	-	236,229
Prepayments		827	-	827
Cash and cash equivalents	22	182,183	-	182,183
Total current assets		434,651	-	434,651
Total assets		1,243,063	-	1,243,063
Current liabilities				
Trade and other payables	23	(361,481)	-	(361,481)
Provision for liabilities	26	(809)	-	(809)
Current lease liabilities	27	(218)	-	(218)
Current tax liabilities		(6,370)	-	(6,370)
Total current liabilities		(368,878)	-	(368,878)
Non-current liabilities				
Borrowings	25	(189,016)	-	(189,016)
Deferred tax	28	(66,961)	-	(66,961)
Non-current lease liabilities	27	(3,027)	-	(3,027)
Total non-current liabilities		(259,004)	-	(259,004)
Total liabilities		(627,882)	-	(627,882)
Net assets		615,181	-	615,181
Shareholders' equity				
Share capital	29	-	-	-
Share premium	30	171,436	-	171,436
FVOCI reserve	24	221,432	(11,468)	209,964
Retained earnings	31	222,313	11,468	233,781
Total shareholders' equity		615,181	-	615,181