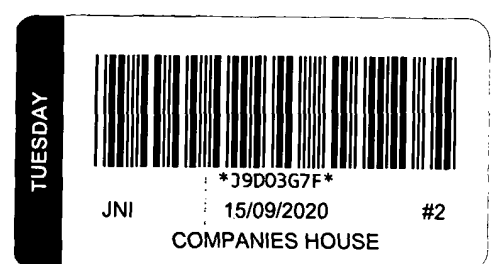


Registered number 03116915

## **S.W.I.F.T. UK and Ireland Limited**

**Report and Financial Statements for the year ended 31 December 2019**



**Directors**

J Ellington  
P Krekels  
G Agafonova

**Secretary**

P Krekels

**Auditors**

Ernst & Young LLP  
Bedford House  
16 Bedford Street  
Belfast  
BT2 7DT

**Registered Office**

2 Stone Buildings  
Lincoln's Inn  
London  
WC2A 3TH

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## Strategic Report

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

### Principal activity

The principal activity of the Company during the year was the provision of network services for the UK securities and settlement system, both directly and as a consultancy for the holding company.

### Review of the business

The company provides Certificateless Registry for Electronic Share Transfer ("CREST") services as well as promotion, marketing and pre-sales of SWIFT products and services in the UK. CREST is a UK based central securities depository for UK, Irish and International securities and government bonds, and has over 10,000 members. The CREST SWIFT service was established to increase the automation and connectivity to foreign depositories for the CREST settlement system. SWIFT has been accredited by CREST to carry data between CREST customers and the CREST system, using the data communications facilities offered by the SWIFT network and SWIFT Alliance interface located at the customer site.

	2019	2018	Change
	£000	£000	%
Turnover (continuing operations)	25,128	22,226	13%
Operating profit	1,489	987	51%
Profit for the financial year	1,199	849	41%
Shareholder's equity	2,091	15,992	-87%

The turnover of the Company is driven by the transfer pricing mechanism between the entity and its parent company, SWIFT SCRL. Under this mechanism, the entity is remunerated on a cost-plus and profit sharing basis. Increase in turnover in 2019 is linked to the increase of operating costs and an increase in the profit sharing from the group, for which the entity benefits from 6.9% sharing.

### Key performance indicators ("KPI")

The Company KPIs are aligned to the SWIFT Group's KPIs. These KPIs are used by the management team to monitor the Company's performance on a regular basis.

The main KPIs are within the following domains:

- Customer Satisfaction
- People Development
- Financial Result
- Key Programmes and Quality

The overall results for the year were in line with or better than budget.

## Strategic Report (*continued*)

### Principal risks and uncertainties

The management of the business and execution of the Company's strategy are subject to the following risks:

#### Market risk

Market risk defines the potential for variation in currency exchange rates and interest rates that adversely affect the value of the Company's financial assets, liabilities or expected future cash flows.

#### Financial risk

The company finances its activities through cash generated from operations. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities.

The main financial risks facing the business are the availability of funds to meet business needs; mainly servicing the Company's customer receivables and the effect of fluctuations in exchange rates.

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility by monitoring and maintaining a level of cash and short-term deposits deemed adequate by management to finance the Company's operations and mitigate the effects of fluctuation in cash flows.

#### Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other assets. The Company minimises credit risk by dealing with recognised and creditworthy third parties, which have been assessed as low or medium collection risk. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

#### Brexit

S.W.I.F.T. SCRL has assessed the potential impact of various scenarios linked to the Brexit on its financial performance and financial position. Following this assessment, management believes that none of the reasonably possible scenarios will have a significant impact.

## Strategic Report (*continued*)

### Event After Reporting Date - Covid-19

The outbreak of the coronavirus in early 2020 and the results of the measures taken to contain the virus, could impact our financial performance of 2020 and the measurement of certain assets and liabilities. Accordingly, we may thus possibly need to record material adjustments in our accounts during 2020. Based on the facts known as of today, we have currently no knowledge of financial impacts on the 2019 financial statements.

Refer to note 23 of the financial statements for further details.

Approved by the Board on 20 August 2020 and signed on its behalf on 1 September 2020 by:

A handwritten signature in black ink, appearing to read 'G Agafonova', with a stylized flourish at the end.

G Agafonova  
Director

Registered No. 03116915

## Directors' Report

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

### Results and dividends

The profit for the year after taxation amounted to £1,199k (2018: £849k). Dividend paid of £15,100k (2018 : Nil).

### Future developments

The directors aim to continue to present CREST and promotion, marketing and pre-sales of SWIFT products and services in the UK.

### Going concern

The Directors are satisfied that the Company has access to adequate financial resources to enable it to meet its liabilities as they fall due based on continuing profitable performance and a strong balance sheet. Accordingly the financial statements are prepared on a going concern basis.

### Event After Reporting Date - Covid-19

In December 2019, a novel strain of coronavirus surfaced in Wuhan, China, and has spread around the world, with resulting business and social consequences. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on 30 January 2020. The extent to which the coronavirus may impact business activity will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

As of the issuance of the 2019 audit report, we continue to monitor the recent Covid-19 outbreak closely and the impact across every part of our business. The health and safety of our staff, clients and the communities we work with are our number one priority. Management has taken all appropriate measures, including working from home, in order to comply with Governmental requirements and taking into account the specificities and needs of the Company.

The Company operates within a transfer pricing agreement with S.W.I.F.T. SCRL, under which the Company would generate a margin allowing the full recovery of its operating costs. Additionally, the Company has historically never sought external funding and does not anticipate doing so in the future. As needed, S.W.I.F.T. SCRL supports all subsidiaries for cash short-fall needs. These principles are not expected to be modified in the future, and will secure the long term financial sustainability of the Company.

Based on the factors noted, S.W.I.F.T. UK and Ireland Limited has not been materially impacted by the coronavirus and does not foresee it impacting our financial operations and results. The situation is adequately under control and the necessary counter-measures provided by the parent company are deemed adequate. There is no revision of budgets/forecasts necessary under the current situation in UK and the Company will continue to monitor the situation closely as we progress throughout the year.

## **Directors' Report** *(continued)*

### **Directors**

The directors who served the company during the year and up to the approval date of the accounts were as follows:

J Ellington  
P Krekels  
G Agafonova

### **Political and charitable contributions**

The Company had no political expenditure during the year (2018: Nil). The company made charitable donations during the year of £24,467 (2018: £5,320).

### **Disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Auditors**

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.



## Directors' Report (Continued)

### Statement of Directors' Responsibilities

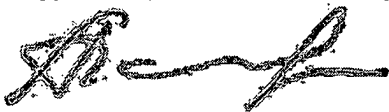
The directors are responsible for preparing the Strategic Report, Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS101). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Approved by the Board on 20 August 2020 and signed on its behalf on 1 September 2020 by:



G Agafonova  
Director

# **Independent auditor's report**

## **TO THE MEMBERS OF S.W.I.F.T. UK and Ireland Limited**

### **Opinion**

We have audited the financial statements of S.W.I.F.T. UK and Ireland Limited for the year ended 31 December 2019 which comprise Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter – Effects of COVID-19**

We draw attention to Note 23 of the financial statements, which describes the economic and social consequences the company is facing as a result of COVID-19 which is impacting financial markets and personnel available for work and or being able to access offices. Our opinion is not modified in respect of this matter.

### **Conclusions relating to going concern**

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

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

# **Independent auditor's report (Continued)**

## **TO THE MEMBERS OF S.W.I.F.T. UK and Ireland Limited**

### **Other information**

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

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

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

We have nothing to report in this regard.

### **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 Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

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

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

# Independent auditor's report (Continued)

TO THE MEMBERS OF S.W.I.F.T. UK and Ireland Limited

## Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

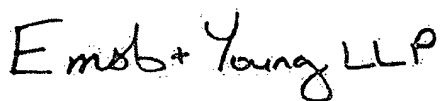
## Auditor's responsibilities for the audit of the financial statements

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

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

## 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.



Neil Warnock (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Belfast

1 September 2020

## Statement of Comprehensive Income

for the year ended 31 December 2019

	Note	2019 £000	2018 £000
<b>Turnover</b>	3	25,128	22,226
Other operating income		1	13
Other operating costs	4	(23,640)	(21,252)
<b>Operating profit</b>	5	<u>1,489</u>	<u>987</u>
Finance income	7	50	35
Finance costs	8	<u>(5)</u>	<u>(1)</u>
<b>Profit on ordinary activities before taxation</b>		1,534	1,021
Tax on profit on ordinary activities	9	<u>(335)</u>	<u>(172)</u>
<b>Profit for the year</b>		1,199	849
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		<u><u>1,199</u></u>	<u><u>849</u></u>

All amounts relate to continuing activities.

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

**Balance Sheet**

at 31 December 2019

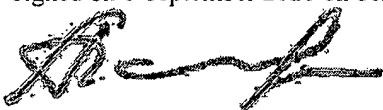
	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Property, plant and equipment	11	1,035	1,280
Right of use asset	12	5,215	-
Investments	13	-	-
		<u>6,250</u>	<u>1,280</u>
<b>Current assets</b>			
Debtors	14	8,166	19,913
Cash at bank and in hand		96	1,438
		<u>8,262</u>	<u>21,351</u>
<b>Amounts falling due within one year:</b>			
Creditors	15	(6,992)	(6,463)
Lease liabilities	12	(657)	-
		<u>613</u>	<u>14,888</u>
<b>Net current assets</b>			
<b>Amounts falling due after more than one year:</b>			
Creditors	16	(151)	(176)
Lease liabilities	12	(4,621)	-
		<u>(4,159)</u>	<u>14,712</u>
<b>Net assets</b>		<u>2,091</u>	<u>15,992</u>
<b>Capital and reserves</b>			
Called up share capital	17	-	-
Retained earnings		2,091	15,992
<b>Shareholders' funds</b>		<u>2,091</u>	<u>15,992</u>

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

Company's registered number 03116915

These financial statements were approved by the Board of Directors on 20 August 2020

Signed on 1 September 2020 on behalf of the Board of Directors



G Agafonova

Director

## Statement of Changes in Equity

for the year ended 31 December 2019

	Called up share capital	Retained earnings	Shareholders' funds
	£'000	£'000	£'000
<b>At 1 January 2018</b>	-	15,143	15,143
Profit for the year	-	849	849
Total comprehensive income for the year	-	849	849
<b>At 31 December 2018</b>	-	15,992	15,992
Profit for the year	-	1,199	1,199
Dividend paid	-	(15,100)	(15,100)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(13,901)	(13,901)
<b>At 31 December 2019</b>	-	2,091	2,091

*Called up share capital* The balance classified as share capital includes the nominal value on issue of the Company's equity share capital, comprising £1 ordinary shares.

### *Retained Earnings*

The balance classified as retained earnings includes the profit for the year of 2019 amounting to £1,199k (2018: £849k).

Dividend of £15,100k been paid out through the intercompany account during the year (2018:Nil).

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

## Notes to the Financial Statements

at 31 December 2019

### 1. Authorisation of Financial Statements and Statement of Compliance with FRS101

The financial statements of S.W.I.F.T. UK and Ireland Limited for the year ended 31 December 2019 were authorised for issue by the board of directors on 20 August 2020 and the balance sheet was signed on the board's behalf by G Agafonova. S.W.I.F.T. UK and Ireland Limited is a private company, limited by shares, registered and domiciled in England and Wales. These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The registered office is:

2 Stone Buildings  
Lincoln's Inn,  
London  
WC2A 3TH

The results of S.W.I.F.T. UK and Ireland Limited are included in the consolidated financial statements of S.W.I.F.T. SCRL, which are available from the Company Secretary at the address detailed in note 21.

The principal accounting policies adopted by the Company are set out in note 2.

### 2. Accounting policies

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

#### *2.1 Basis of preparation*

The financial statements for the year ended 31 December 2016 were the first year the company had prepared in accordance with FRS 101 reduced disclosure framework. The company has continued to adopt the same FRS101 reduced disclosure framework as a basis of preparation for the year ended 31 December 2019.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

#### *2.2 Changes in accounting policy*

##### *2.2.1 Standard and interpretations effective and adopted in the current year*

In the current year, the company has adopted the following new standards and interpretations that are effective for the current financial year and that are relevant to its operations. Implementation of these standards and interpretations did not have any material impact on the presentation of financial statement.

The Company applied the IFRS 16 new standard Leases for the first time in 2019. For transition purposes, S.W.I.F.T. UK and Ireland Limited adopted the modified retrospective approach. On this basis, the cumulative IFRS 16 impact at transition was booked on the date of initial application without impact on equity. As per IFRS 16, lease liabilities were computed as the present value of remaining lease payments on 1 January 2019; by application of IFRS 16, this was in turn reflected in the initial value of corresponding right-of-use assets.



## Notes to the Financial Statements

at 31 December 2019

### 2. Accounting policies (continued)

#### 2.2 Changes in accounting policy (continued)

##### 2.2.1 Standard and interpretations effective and adopted in the current year (continued)

At transition date, commitments resulting from initial recognition of right-of-use assets (ROU assets) were identified as follows:

	2019
	£'000
Office building	5,920

Other than low-value assets, operating lease commitments at 31 December 2018 as disclosed under IFRS 17 in the Company's financial statement (Note 18) amounted to £ 6,391k

The adoption of this amendment did not have any impact on the amounts recognised in prior periods.

#### Basis of preparation

The difference between this amount and the lease commitment at transition date 1 January 2019 as per IFRS 16 can be explained as follows:

Office building	£'000
Lease commitment on 31 December 2018	6,391
Discounted using the incremental borrowing rate 1 January 2019	<u>(471)</u>
IFRS 16 liability	<u>5,920</u>

S.W.I.F.T. UK and Ireland Limited made use of exemptions consisting in excluding low value assets and short-term leases from the scope of IFRS 16

The discount rate used at transition for calculating the net present value of outstanding lease payments was an estimate of S.W.I.F.T. UK and Ireland Limited's incremental borrowing rate on the date of initial application (in the absence of knowledge of the lessor's implicit rates). The weighted average incremental borrowing rates for office building are determined at 2.455%

## Notes to the Financial Statements

at 31 December 2019

### 2. Accounting policies (continued)

#### 2.2 Changes in accounting policy (continued)

##### 2.2.2 Summary of disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101 – Reduced Disclosure Framework:

- (a) the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- (b) the requirements of paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- (c) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information requirements;
- (d) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (e) the requirements of IAS 7 *Statement of Cash Flows*;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- (g) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- (h) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (i) the following paragraphs of IAS 1 *Presentation of Financial Statements*;
  - 10(d) – statement of cash flows,
  - 10(f) – statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective statement of items in its financial statements, or when it reclassifies items in its financial statements,
  - 16 – statement of compliance with IFRS,
  - 38A – requirement for minimum of two primary statements, including cash flow statements,
  - 38B-D – additional comparative information,
  - 40A-D – requirements for a third statement of financial position,
  - 111 – cash flow statement information,
  - 134-136 – capital management disclosures.

## Notes to the Financial Statements

at 31 December 2019

### 2. Accounting policies (*continued*)

#### *2.3 Critical accounting judgments and key sources of estimation uncertainty*

The preparation of the financial statements requires judgements, estimations and assumptions to be made that affect the reported values of assets, liabilities, revenues and expenses. The nature of estimation means that the actual outcomes could differ from those estimates. The significant judgements or estimates arising during the preparation of the financial statements as follow:

##### **Useful lives of property and equipment**

The Company's management determines the estimated useful lives of its property and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

##### **Discount rate used for initial measurement of lease liability**

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. In determining the incremental borrowing rate, the Company has estimated the rate at 2.5% using inputs from available information such as risk-free rate, term of the lease, currency of future lease payments and financing structure of the Company.

#### *2.4 Going concern*

The Directors are satisfied that the Company has access to adequate financial resources to enable it to meet its liabilities as they fall due based on continuing profitable performance and strong balance sheet. Accordingly the financial statements are prepared on a going concern basis.

#### *2.5 Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales related taxes.

Revenue from network usage is recognised in the year the traffic occurs. Revenue related to services, monthly fees, is recognised over the subscription period. Commission is recognised when it becomes due. Revenue related to one-time software license will be amortised over ten years, corresponding to the expected average lifetime of the underlying contract as per interpretation of IFRS15.

#### *2.6 Foreign currency translation*

The company's financial statements are presented in Sterling, which is also the company's functional currency. Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

## Notes to the Financial Statements

at 31 December 2019

### 2. Accounting policies (*continued*)

#### 2.7 Income Taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at 19%, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### 2.8 Property, plant and equipment

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

Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	-	3-5 year straight-line basis
Leasehold improvements	-	Based on period of lease

Leasehold improvements are depreciated over the term of the leases, using the straight-line method commencing in the month of actual use of the asset for the operations of the Company.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

## Notes to the Financial Statements

at 31 December 2019

### 2. Accounting policies (*continued*)

#### 2.9 Leases

The Company applied the IFRS 16 new standard Leases for the first time in 2019. For transition purposes, S.W.I.F.T. UK and Ireland Limited adopted the modified retrospective approach. On this basis, the cumulative IFRS 16 impact at transition was booked on the date of initial application without impact on equity. As per IFRS 16, lease liabilities were computed as the present value of remaining lease payments on 1 January 2019; and this was in turn reflected in the initial value of corresponding right-of-use assets.

S.W.I.F.T. UK and Ireland Limited applies exemptions consisting in excluding low-value assets and short-term leases from the scope of IFRS 16. The determination of whether a contract is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a financial or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a financial lease.

Leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between financial charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Financial charges are recognized in financing costs in the statement of profit or loss. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

S.W.I.F.T. UK and Ireland Limited applies exemptions consisting in excluding low-value assets (lower than USD 5 thousand) and short-term leases (less than 12 months) from the scope of IFRS 16.

#### 2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits.

#### 2.11 Trade receivables

Trade debtors do not carry any interest and are stated at their value measured on an amortised cost basis as reduced by appropriate allowances for estimated irrecoverable amounts incurred up to the balance sheet date. Any irrecoverable amounts result in a provision for impairment of trade debtors which is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

#### 2.12 Financial instruments

##### (a) Financial assets

###### Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

## Notes to the Financial Statements

at 31 December 2019

### 2. Accounting policies (*continued*)

#### 2.12 Financial instruments (*continued*)

##### **Subsequent measurement - Loans and receivables**

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

##### **De-recognition**

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

##### **Regular way purchase or sale of a financial asset**

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

#### **(b) Financial liabilities**

##### **Initial recognition and measurement**

Financial liabilities are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

##### **Subsequent measurement**

The measurement of financial liabilities depends on their classification as follows:

##### **Other financial liabilities**

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

##### **De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

## Notes to the Financial Statements

at 31 December 2019

### 2. Accounting policies (*continued*)

#### 2.12 Financial instruments (*continued*)

##### (c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### 2.13 Called up share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

#### 2.14 Trade payables

Trade payables are non-interest bearing and are stated at their fair value.

#### 2.15 Leases

The Company applied the IFRS 16 new standard Leases for the first time in 2019. For transition purposes, S.W.I.F.T. UK and Ireland Limited adopted the modified retrospective approach. On this basis, the cumulative IFRS 16 impact at transition was booked on the date of initial application without impact on equity. As per IFRS 16, lease liabilities were computed as the present value of remaining lease payments on 1 January 2019; and this was in turn reflected in the initial value of corresponding right-of-use assets.

S.W.I.F.T. UK and Ireland Limited applies exemptions consisting in excluding low-value assets and short-term leases from the scope of IFRS 16. The determination of whether a contract is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a financial or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a financial lease.

Leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between financial charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Financial charges are recognized in financing costs in the statement of profit or loss. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

## Notes to the Financial Statements

at 31 December 2019

### 2. Accounting policies (continued)

#### 2.16 Pensions

The company operates a defined contribution scheme and the amount charged to the income statement in respect of pension costs and other post-retirement benefits represents the contributions payable in the year. Difference between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### 2.17 Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

### 3. Turnover and Segmental Information

Turnover, which is stated net of VAT, represents the total amount receivable in the ordinary course of business for network services provided and related services and goods sold. The company's turnover arose almost exclusively in the UK from continuing activities and other segments are not sufficiently significant to require separate disclosure.

	2019 £000	2018 £000
Group commission-S.W.I.F.T SCRL	20,807	17,818
Traffic Revenues	4,321	4,408
	<u>25,128</u>	<u>22,226</u>

Increase in revenue is linked to the increase of group commission, following the Transfer Pricing Scheme which is based on a cost plus method on increasing operating costs.

### 4. Other operating costs

	2019 £000	2018 £000
Administration costs	23,640	21,252
	<u>23,640</u>	<u>21,252</u>

Administration cost inclusive of staff cost, contractor cost, non-labour cost and other expenses.



## Notes to the Financial Statements

at 31 December 2019

### 5. Operating profit

This is stated after charging/(crediting):

	2019 £000	2018 £000
Auditor's remuneration – for audit services	27	27
Depreciation and amounts written off tangible fixed assets – owned	297	292
Operating lease rentals – plant and machinery	-	-
– land and buildings	144	903
Defined contribution pension expense	1,401	1,289
Foreign exchange (gain) / loss	22	(10)
Depreciation of right of use asset	705	-
Interest on right of use office buildings	138	-
	<u>          </u>	<u>          </u>

### 6. Staff costs

Employee costs (including directors) are as shown below:

	2019 £000	2018 £000
Wages and salaries	11,077	9,952
Social security costs	1,666	1,552
Other pension costs	1,401	1,289
Other employee costs	362	330
	<u>14,506</u>	<u>13,123</u>

The average monthly number of employees during the year was made up as follows:

	2019 No.	2018 No.
Average number of employees	123	106
	<u>          </u>	<u>          </u>

None of the directors received any remuneration from the Company for their services rendered during the current period or prior period.

### 7. Finance income

	2019 £000	2018 £000
Group interest receivable	50	35
	<u>          </u>	<u>          </u>

## Notes to the Financial Statements

at 31 December 2019

### 8. Finance costs

	2019 £000	2018 £000
Bank charges	5	1

### 9. Tax on profit on ordinary activities

#### (a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2019 £000	2018 £000
<i>Current tax:</i>		
UK corporation tax	332	196
Total current tax	332	196
<i>Deferred taxation:</i>		
Credit for the year:	(17)	(1)
Adjustment in respect of prior years	20	(23)
Total deferred tax	3	(24)
Tax in income statement	335	172

#### (b) Factors affecting tax charge for the year

	2019 £000	2018 £000
Profit on ordinary activities before tax	1,534	1,021
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19 %)	291	194
Adjustments in respect of prior years	20	(23)
Others	2	(32)
Capital allowances in excess of depreciation	22	33
Total tax	335	172

#### (c) Deferred tax asset

Deferred tax assets provided in the accounts are as follows:

	2019 £000	2018 £000
Accelerated capital allowances	7	10
	7	10

## Notes to the Financial Statements

at 31 December 2019

### 9. Tax (continued)

(d) Factors that may affect future tax charges

The standard rate of Corporation Tax in the UK has been 19% since 1 April 2017. Accordingly the Company's profits for this accounting period are taxed at an effective rate of 19%.

### 10. Dividends

Dividend paid of £15,100k which is £7,550k per share (2018 – £Nil)

### 11. Property, plant and equipment

	<i>Leasehold improvements £000</i>	<i>Fixtures, fittings and equipment £000</i>	<i>Total £000</i>
Cost:			
At 1 January 2019	2,909	640	3,549
Additions	18	34	52
At 31 December 2019	<u>2,927</u>	<u>674</u>	<u>3,601</u>
Accumulated depreciation:			
At 1 January 2019	1,882	387	2,269
Charge for the year	208	89	297
At 31 December 2019	<u>2,090</u>	<u>476</u>	<u>2,566</u>
Net book value:			
At 31 December 2019	<u>837</u>	<u>198</u>	<u>1,035</u>
At 31 December 2018	<u>1,027</u>	<u>253</u>	<u>1,280</u>

### 12. Leases

The Company has lease contract for trade and office buildings with lease terms between 1 and 5 years.

Details of IFRS 16 related figures are disclosed below.

Set out below are the carrying amount of right-of-use assets recognized and the movements during the period:

## Notes to the Financial Statements

at 31 December 2019

### 12. Leases (continued)

	Office buildings £000
Cost:	
At 1 January 2019	5,920
At 31 December 2019	5,920
Accumulated depreciation:	
At 1 January 2019	-
Depreciation charges for the year	(705)
At 31 December 2019	(705)
Net book value:	
At 31 December 2019	5,215

Variation of lease liabilities value during fiscal year:

	Opening balance 2019 £000	Movement in 2019 £000	Closing balance 2019 £000
Non-current liabilities	5,278	(657)	4,621
Current liabilities	642	15	657
Total liabilities	5,920	(642)	5,278

The following are the amounts recognised in Statement of comprehensive income:

	2019 £000
Depreciation of right of use asset	(705)
Interest on right of use office buildings	(138)
Total expenses	(843)

### 13. Investments

The company has a 1% participation interest in SWIFT Lease, a member of the SWIFT Group which is valued at cost of £223 (2018: £223).

## Notes to the Financial Statements

at 31 December 2019

### 14. Debtors

	2019 £000	2018 £000
Amounts falling due within one year :		
Trade debtors	964	699
Amounts owed by group undertakings: - Parent undertaking	6,343	18,498
Other taxes recoverable	49	26
Corporation tax receivable	-	24
Other debtors	87	14
Deferred tax asset	7	10
Prepayments	716	642
	<u>8,166</u>	<u>19,913</u>

The amounts due by the parent undertaking relate to trading activities, are unsecured, have no fixed repayment date and are subject to interest.

### 15. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	2,029	1,771
Corporation tax payable	149	-
Other taxes and social security	700	535
Accruals and deferred income	4,114	4,157
	<u>6,992</u>	<u>6,463</u>

### 16. Creditors: amounts falling due after more than one year

	2019 £000	2018 £000
Contract liabilities:		
Opening balance	176	-
Movement	(25)	176
	<u>151</u>	<u>176</u>

Contract liabilities expected to fully realise by 2027.

The contract liabilities represent revenues deferred into future periods in line with IFRS 15

### 17. Called up share capital

	No.	2019 £	No.	2018 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	2	2	2	2
		<u>2</u>		<u>2</u>

## Notes to the Financial Statements

at 31 December 2019

### 18. Commitments and contingent liabilities

Future minimum rentals payable under non-cancellable operating leases are as follows:

	Land and Buildings 2018 £000
Within one year	732
After one year but more than five years	2,940
After five years	2,719
Total lease commitments	6,391

The company has a commitment to reimburse certain third parties for specific costs incurred as a result of certain malfunctions or abuses of the S.W.I.F.T. system. The company is insured against these losses. No material claims arose during the year, or the previous year. The company also participates in the SWIFT cash pooling organisation which facilitates the use of its cash surpluses by other group companies which shows a cash deficit.

Compared to 2018 all commitment related to IFRS16 are now shown under right-of-use assets (see Note 12).

The company had no capital commitments contracted as at 31 December 2019.

### 19. Pension commitments

The company operates a defined contribution pension scheme for its UK employees. The 2019 charge in this respect was £1,401k (2018: £1,289k). There were no outstanding contributions at the year end.

### 20. Related party transactions

During the year, the Company entered into transactions, in the ordinary course of business, with other related parties. The company has taken advantage of the exemption under paragraph 8(k) of FRS 101 – Reduced Disclosure Framework not to disclose transactions with fellow wholly owned subsidiaries or the parent undertaking.

All transactions were made on an arm's length basis and at full market value.

There have been no transactions with directors of the Company during the year (2018: £Nil).

### 21. Ultimate parent undertaking and controlling party

As at 31 December 2019 the Company's immediate parent undertaking and ultimate controlling party was S.W.I.F.T. SCRL, a co-operative society with limited responsibility incorporated in Belgium.

The smallest and largest group in which these financial statements are included is S.W.I.F.T. SCRL and are available from 1 Avenue Adele, 1310 La Hulpe, Belgium.

## Notes to the Financial Statements

at 31 December 2019

### 22. Off Balance Sheet Arrangements

The company is not (and has not been) party to any arrangements that are not reflected on its balance sheet that give rise to a material risk or benefit, other than operating leases as disclosed in note 18.

### 23. Events After Reporting Date

In December 2019, a novel strain of coronavirus surfaced in Wuhan, China, and has spread around the world, with resulting business and social consequences. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on 30 January 2020. The extent to which the coronavirus may impact business activity will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

As of the issuance of the 2019 audit report, we continue to monitor the recent Covid-19 outbreak closely and the impact across every part of our business. The health and safety of our staff, clients and the communities we work with are our number one priority. Management has taken all appropriate measures, including working from home, in order to comply with Governmental requirements and taking into account the specificities and needs of the Company.

The Company operates within a transfer pricing agreement with S.W.I.F.T. SCRL, under which the Company would generate a margin allowing the full recovery of its operating costs. Additionally, the Company has historically never sought external funding and does not anticipate doing so in the future. As needed, S.W.I.F.T. SCRL supports all subsidiaries for cash short-fall needs. These principles are not expected to be modified in the future, and will secure the long term financial sustainability of the Company.

Based on the factors noted, S.W.I.F.T. UK and Ireland Limited has not been materially impacted by the coronavirus and does not foresee it impacting our financial operations and results. The situation is adequately under control and the necessary counter-measures provided by the parent company are deemed adequate. There is no revision of budgets/forecasts necessary under the current situation in UK and the Company will continue to monitor the situation closely as we progress throughout the year.