

Registered number 03116915

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

Report and Financial Statements for the year ended 31 December 2018



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

Directors

J Ellington

F Vanbever (resigned on 31st March 2018)

P Krekels

G Agafonova (appointed on 15th November 2018)

Secretary

P Krekels

Auditors

Ernst & Young LLP

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London

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

Index

	Page
Strategic Report	3
Directors' Report	5
Independent Auditor's Report	7
Statement of Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13

Strategic Report

The directors present their Strategic Report and the audited financial statements for the year ended 31 December 2018.

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 group.

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.

	2018	2017	Change
	£000	£000	%
Turnover (continuing operations)	22,226	22,365	-1%
Operating profit	987	2,904	-66%
Profit for the financial year	849	2,346	-64%
Shareholder's equity	15,992	15,143	6%

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. Specifically for 2018, the turnover is predominantly influenced by traffic revenues and contract liabilities as per interpretation from IFRS 15 'Revenue from Contracts with Customers'.

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 group borrowings and 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.

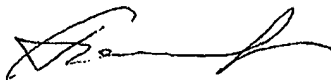
Brexit

At the time of writing, Brexit decisions remain pending and the impact to the financial services industry remains uncertain. Potential impact areas and scenarios have been identified, with potential resolutions built to ensure operational continuity.

The directors are confident that the facilities in place are more than adequate to ensure business continuity, and the Company's risks are managed through strong credit and operational control procedures.

Approved by the Board on 12/6/19 and signed on its behalf on 12/6/19 by:

G Agafonova
Director



Registered No. 03116915

Directors' Report

The directors present their report and audited financial statements for the year ended 31 December 2018.

Results and dividends

The profit for the year after taxation amounted to £849,000 (2017: £2,346,000). Proposed dividends are subject to approval at the annual general meeting and are not recognised as a liability as at 31 December 2018.

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.

Directors

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

J Ellington

F Vanbever (resigned on 31st March 2018)

P Krekels

G Agafonova (appointed on 15th November 2018)

Political and charitable contributions

The Company had no political expenditure during the year (2017: Nil). The company made charitable donations during the year of £5,320 (2017: £7,418).

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

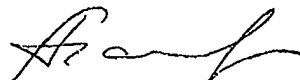
The directors are responsible for preparing the Strategic Report, Directors' report and the financial statements in accordance with applicable law and regulations.

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.

On behalf of the Board



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 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of changes in equity and the related notes 1 to 22, 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 2018 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.

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)

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 6, 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.

Independent auditor's report (Continued)

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.

Emsb + Yang LLP

Neil Warnock (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Belfast

18 June 2019

Statement of Comprehensive Income

for the year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	3	22,226	22,365
Other operating income		13	-
Other operating costs	4	(21,252)	(19,461)
Operating profit	5	<u>987</u>	<u>2,904</u>
Finance income	7	35	2
Finance costs	8	<u>(1)</u>	<u>(1)</u>
Profit on ordinary activities before taxation		1,021	2,905
Tax on profit on ordinary activities	9	<u>(172)</u>	<u>(559)</u>
Profit for the year		849	2,346
Other comprehensive income		-	-
Total comprehensive income		<u>849</u>	<u>2,346</u>

All amounts relate to continuing activities.

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

Balance Sheet

at 31 December 2018

	Note	2018 £000	2017 £000
Fixed assets			
Property, plant and equipment	11	1,280	1,098
Investments	12	-	-
		<u>1,280</u>	<u>1,098</u>
Current assets			
Debtors	13	19,913	20,196
Cash at bank and in hand		<u>1,438</u>	<u>1,062</u>
		21,351	21,258
Creditors: amounts falling due within one year	14	<u>(6,463)</u>	<u>(7,213)</u>
Net current assets		14,888	14,045
Creditors: amounts falling due after more than one year	15	<u>(176)</u>	<u>-</u>
		14,712	14,045
Net assets		<u>15,992</u>	<u>15,143</u>
Capital and reserves			
Called up share capital	16	-	-
Retained earnings		<u>15,992</u>	<u>15,143</u>
Shareholders' funds		<u>15,992</u>	<u>15,143</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

Signed on 12/6/19 on behalf of the Board of Directors

G Agafonova
Director



Statement of Changes in Equity

for the year ended 31 December 2018

	Share Capital	Retained earnings	Total
	£'000	£'000	£'000
At 1 January 2017	-	12,797	12,797
Profit for the year	-	2,346	2,346
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	2,346	2,346
At 31 December 2017	-	15,143	15,143
Profit for the year	-	849	849
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	849	849
At 31 December 2018	-	15,992	15,992

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 2018 amounting to £849,000 (2017: £2,346,000).

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

Notes to the Financial Statements

at 31 December 2018

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 2018 were authorised for issue by the board of directors on 12/6/19 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:

Tricor Suite
4th Floor
50 Mark Lane
London, EC3R 7QR

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 20.

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 2018.

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.

IFRS 9 Financial instruments.

The application of IFRS 9 did not change the classification and measurement of financial instruments used by the Company: Trade receivables are recognised at amortised cost. In addition, impairment for credit risk has been applied on and trade receivables. Implementation of this standard and interpretation did not have material impact on the presentation of financial statement.

Notes to the Financial Statements

at 31 December 2018

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)

IFRS 15 Revenue from contracts with customers.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

Based on the detailed analysis performed, the Company concluded that the revenue recognition method used before the application of the new standard was IFRS 15 compliant except for the one-time fees charged for the interface software. This non-mandatory software should be considered as distinct performance obligation and associated to the delivery of the right to use the software license. As a result, the one-time software license will be amortised over ten years, corresponding to the expected average lifetime of the underlying contract.

The Company adopted IFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 January 2018.

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 11, IAS 18 and related Interpretations.

The tables below show the amounts of changes by which the financial statements are affected by IFRS 15 as at 1 January 2018 and 31 December 2018 for the financial position and for the year ended 31 December 2018 for the income statement.

	With IFRS 15	Without IFRS 15	Changes
Balance Sheet			
Creditors: amounts falling due after more than one year	(176)	-	(176)
Creditors: amounts falling due within one year	(6,463)	(6,447)	(16)
Debtors: amounts falling due within one year	19,913	19,881	32
Statement of Comprehensive Income			
Turnover	22,226	22,418	192
Tax on profit on ordinary activities	(172)	(204)	(32)

Notes to the Financial Statements

at 31 December 2018

2. Accounting policies (continued)

2.2 Changes in accounting policy (continued)

2.2.2 Standards and interpretations not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 16 – Leases

The Company plans to apply the IFRS16 new standard Leases for the first time in 2019. For transition purposes, SWIFT intends to apply the modified retrospective approach option. On this basis, the cumulative IFRS16 impact at transition will be booked on the date of initial application without impact on equity. As per IFRS16, C8, (a), lease liabilities will be computed as the present value of remaining lease payments on 1 January 2019; by application of IFRS16, C8, (b), (ii), this will in turn be reflected in the initial value of corresponding right-of-use assets. The discount rate used for calculating lease liabilities will, if possible, be the lessor's implicit rate or, if not known, a measure of SWIFT's incremental borrowing rate on the date of initial application.

IFRIC 22 - Foreign Currency Transactions and Advance Considerations

The Company plans to apply the IFRIC 22 on 1 January 2019. The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This interpretation does not have any impact on the company's financial statements.

2.2.3 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*; and
- (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.

Notes to the Financial Statements

at 31 December 2018

2. Accounting policies (continued)

2.2 Changes in accounting policy (continued)

2.2.3 Summary of disclosure exemptions (continued)

(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.

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 directors are of the opinion that there are no significant judgements or estimates arising during the preparation of the financial statements.

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 2018

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 17%, 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 and fittings – 3-5 year straight-line basis

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.

2.9 Cash and cash equivalents

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

Notes to the Financial Statements

at 31 December 2018

2. Accounting policies (continued)

2.10 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.

2.11 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.

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.

Notes to the Financial Statements

at 31 December 2018

2. Accounting policies (continued)

2.11 Financial instruments (continued)

(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.

(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.

2.12 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.

2.13 Trade payables

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

Notes to the Financial Statements

at 31 December 2018

2. Accounting policies (continued)

2.14 Operating leases

Rentals payable under operating leases are charged in the income statement account on a straight line basis over the lease term.

2.15 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.

2.16 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.

	2018 £000	2017 £000
Group commission-S.W.I.F.T SCRL	17,818	17,670
Traffic Revenues	4,408	4,695
	<u>22,226</u>	<u>22,365</u>

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

4. Other operating costs

	2018 £000	2017 £000
Administration costs	21,252	19,461
	<u>21,252</u>	<u>19,461</u>

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

Notes to the Financial Statements

at 31 December 2018

5. Operating profit

This is stated after charging/(crediting):

	2018 £000	2017 £000
Auditor's remuneration – for audit services	27	30
Depreciation and amounts written off tangible fixed assets – owned	292	253
Operating lease rentals – plant and machinery	-	-
– land and buildings	903	887
Defined contribution pension expense	1,289	1,105
Foreign exchange (gain) / loss	(10)	2
	<u> </u>	<u> </u>

6. Staff costs

Employee costs (including directors) are as shown below:

	2018 £000	2017 £000
Wages and salaries	9,952	9,130
Social security costs	1,552	1,269
Other pension costs	1,289	1,105
Other employee costs	330	258
	<u>13,123</u>	<u>11,762</u>

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

	2018 No.	2017 No.
Administration and technical services	106	95
	<u> </u>	<u> </u>

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

7. Finance income

	2018 £000	2017 £000
Group interest receivable	35	2
	<u> </u>	<u> </u>

Notes to the Financial Statements

at 31 December 2018

8. Finance costs

	2018 £000	2017 £000
Bank charges	1	1

9. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2018 £000	2017 £000
<i>Current tax:</i>		
UK corporation tax	196	587
Adjustments in respect of prior years	-	(30)
Total current tax	196	557
<i>Deferred taxation:</i>		
Credit for the year:	(1)	4
Adjustment in respect of prior years	(23)	(2)
Total deferred tax	(24)	2
Tax in income statement	172	559

(b) Factors affecting tax charge for the year

	2018 £000	2017 £000
Profit on ordinary activities before tax	1,021	2,905
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19 % (2017 – 19.25%)	194	559
Adjustments in respect of prior years	(23)	(30)
IFRS15 - Deferred Tax	(32)	-
Capital allowances in excess of depreciation	33	30
Total tax	172	559

Notes to the Financial Statements

at 31 December 2018

9. Tax (continued)

(c) Deferred tax asset/(liabilities)

Deferred tax assets/(liabilities) provided in the accounts are as follows:

	2018 £000	2017 £000
Accelerated capital allowances	10	(15)
	<u>10</u>	<u>(15)</u>

(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%. By 1 April 2020, the standard rate will be revised to 17%. These rates were substantively enacted during the period and as such any deferred tax balances have been stated at the reduced tax rate of 17%.

10. Dividends

Dividend paid of £Nil (2017 – £Nil) per ordinary share.

11. Property, plant and equipment

	Leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
Cost:			
At 1 January 2018	3,128	952	4,080
Additions	383	91	474
Disposals	(602)	(403)	(1,005)
At 31 December 2018	<u>2,909</u>	<u>640</u>	<u>3,549</u>
Accumulated depreciation:			
At 1 January 2018	2,291	691	2,982
Charge for the year	193	99	292
Disposals	(602)	(403)	(1,005)
At 31 December 2018	<u>1,882</u>	<u>387</u>	<u>2,269</u>

Notes to the Financial Statements

at 31 December 2018

11. Property, plant and equipment (continued)

	Leasehold improvements £000	Fixtures, fittings and equipment £000	Total £000
Net book value:			
At 31 December 2018	1,027	253	1,280
At 1 January 2018	837	261	1,098

12. Investments

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

13. Debtors

	2018 £000	2017 £000
Amounts falling due within one year :		
Trade debtors	699	963
Amounts owed by group undertakings: - Parent undertaking	18,498	18,254
Other taxes recoverable	26	64
Corporation tax receivable	24	-
Other debtors	14	11
Deferred tax asset	10	-
Prepayments	642	904
	19,913	20,196

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

14. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	1,771	2,283
Corporation tax payable	-	14
Other taxes and social security	535	453
Accruals and deferred income	4,157	4,448
Deferred tax liabilities	-	15
	6,463	7,213

Notes to the Financial Statements

at 31 December 2018

15. Creditors : amounts falling due after more than one year

	2018 £000	2017 £000
Contract liabilities :		
Opening balance	-	-
Movement	176	-
Closing balance	176	-

Contract liabilities expected to fully realise by 2027.

The contract liabilities represent revenues deferred into future periods in line with IFRS 15 (see Note 2)

16. Issued share capital

	No.	2018 £	No.	2017 £
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	2	2	2	2

17. Commitments and contingent liabilities

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

	Land and Buildings 2018 £000	Land and Buildings 2017 £000
Within one year	732	720
After one year but more than five years	2,940	2,887
After five years	2,719	3,461
Total lease commitments	6,391	7,068

Future capital commitments as follows:

	2018 £000	2017 £000
Within one year	-	368
Total capital commitments	-	368

Notes to the Financial Statements

at 31 December 2018

17. Commitments and contingent liabilities (continued)

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.

The company had no capital commitments contracted as at 31 December 2018. In 2017, this capital commitment was related to refurbishments in the London office for which the contracted work began in 2018.

18. Pension commitments

The company operates a defined contribution pension scheme for its UK employees. The 2018 charge in this respect was £1,289,000 (2017: £1,105,000). There were no outstanding contributions at the year end.

19. 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 (2017: £Nil).

20. Ultimate parent undertaking and controlling party

As at 31 December 2018 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.

21. 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 17.

22. Events After Reporting Date

Proposed dividends of £15,100,000 are subject to approval at the annual general meeting and are not recognised as a liability as at 31 December 2018.