Registered number 03116915

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

Report and Financial Statements for the year ended 31 December 2020

Directors
J Ellington
P Krekels
G Agafonova (resigned on 31 July 2021)

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 2020.

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.

	2020 £000	2019 (restated) £000	Change %
Turnover (continuing operations)	25,865	25,242	2%
Operating profit	1,152	1,565	(26%)
Profit for the financial year	882	1,253	(30%)
Shareholder's equity	4,229	3,347	26%

The turnover of the Company is driven by the transfer pricing mechanism between the entity and its parent company, SWIFT SC. Under this mechanism, the entity is remunerated on a cost-plus, return of sales and profit sharing basis. Increase in turnover in 2020 is linked to the increase of operating costs and an increase in the return of sales.

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:

- People
- Financial Result
- Customer Satisfaction

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

SWIFT performed a full assessment of the impact of the Brexit on its financial performance and financial position, and concluded that the Brexit did not have any significant impact thereon.

Strategic Report *(continued)*

Covid-19

The outbreak of the COVID-19 virus and the results of the measures to contain the virus have no material negative effect on SWIFT's 2020 financial results.

Approved by the Board on 10 September 2021 and signed on its behalf on 10 September 2021 by:

P Krekels
Director

Registered No. 03116915

Directors' Report

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

Results and dividends

The profit for the year after taxation amounted to £882k (2019 restated: £1,253k). Dividend paid of NIL (2019 – £15,100k)

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

During the current year the company made a profit of £882k (2019: profit of £1,253k) and had net assets of £4,229k (2019: £3,347k). On this basis the directors have considered the company's current and future prospects and its availability of financing, and is satisfied that the company can continue to pay its liabilities as they fall due over a period to 31 December 2022.

The directors have received a letter of support from S.W.I.F.T SC that it will continue to support the company for a period to 31 December 2022.

The directors have made detailed enquiries, including confirmation of the strong liquidity position announced by S.W.I.F.T. SC and review of the latest financial results released in June 2021. After making these detailed enquiries, the directors are confident that S.W.I.F.T. has sufficient resources to enable it to provide financial.

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 (resigned on 31 July 2021)

Political and charitable contributions

The Company had no political expenditure during the year (2019: Nil). The company made charitable donations during the year of £2,342 (2019: £24,467).

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.

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 10 September 2021 and signed on its behalf on 10 September 2021 by:

P Krekels
Director

Opinion

We have audited the financial statements of S.W.I.F.T. UK and Ireland Limited for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Balance Sheet, the 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 2020 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. 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2022.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF S.W.I.F.T. UK AND IRELAND LIMITED (CONTINUED)

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 directors' responsibilities statement set out on page 7, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 "Reduced Disclosure Framework", Companies Act 2006, Bribery Act 2010, Companies (Miscellaneous Reporting) Regulations 2018), those laws and regulations relating to health and safety and employee matters and relevant tax compliance regulations in the jurisdictions in which the company operates.
- We understood how the company is complying with those frameworks by making inquiries of management to understand how the company maintains and communicates its policies and procedures in these areas. We corroborated our enquires through the review of the following documentation;
  - all minutes of board meetings held during the year;
  - the S.W.I.F.T. SC's company's code of conduct setting out the key principles and requirements for all staff in relation to compliance with laws and regulations; and
  - any relevant correspondence with local tax authorities.
- We assessed that revenue was a judgemental area of the audit which might be more susceptible to fraud. We obtained an understanding of the controls over the process for the recognition of revenue and tested in particular the existence of the revenue recorded in the financial statements and any manual adjustments to the revenue.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the controls the company established to address risks identified by the company or that otherwise seek to prevent, deter or detect fraud. We gained an understanding of the entity level controls and policies that the company applies being part of the S.W.I.F.T. SC group.
- Based on the results of our risk assessment we designed our audit procedures to identify noncompliance with such laws and regulations identified above. Our procedures involved testing journals entries, with a focus on journals indicating large or unusual transactions or meeting our defined risk criteria based on our understanding of the business and enquires of the directors and management.

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.

DocuSigned by:
Neil Warnock
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Neil Warnock (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
Date: 15 September 2021

Statement of Comprehensive Income

for the year ended 31 December 2020

	Note	2020 £000	Restated 2019 £000
Turnover	3	25,865	25,242
Other operating income		5	1
Other operating costs	4	(24,718)	(23,678)
Operating profit	5	1,152	1,565
Finance income	7	4	50
Finance costs	8	(7)	(5)
Profit on ordinary activities before taxation		1,149	1,610
Tax on profit on ordinary activities	9	(267)	(357)
Profit for the year		882	1,253
Other comprehensive income		-	-
Total comprehensive income		882	1,253

All amounts relate to continuing activities.

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

Balance Sheet

for the year ended 31 December 2020

	Note	2020 £000	Restated 2019 £000
Fixed assets			
Property, plant and equipment	11	1,151	1,035
Right of use asset	12	6,390	5,215
Investments	13	-	-
		7,541	6,250
Current assets			
Debtors	14	8,737	9,715
Cash at bank and in hand		1,836	96
		10,573	9,811
Amounts falling due within one year:			
Creditors	15	(7,265)	(7,285)
Lease liabilities	12	(956)	(657)
Net current assets		2,352	1,869
Amounts falling due after more than one year:			
Creditors	16	(130)	(151)
Lease liabilities	12	(5,534)	(4,621)
		(3,312)	(2,903)
Net assets		4,229	3,347
Capital and reserves			
Called up share capital	17	-	-
Retained earnings		4,229	3,347
Shareholders' funds		4,229	3,347

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 10 September 2021.
Signed on 10 September 2021 on behalf of the Board of Directors

P Krekels
Director

Statement of Changes in Equity

for the year ended 31 December 2020

	Called up share capital	Retained earnings	Shareholders' funds
	£'000	**£'000**	**£'000**
At 1 January 2019	-	15,992	15,992
Adjustment (Note 2.1)	-	1,202	1,202
At 1 January 2019 (restated)	-	17,194	17,194
Profit for the year	-	1,253	1,253
Dividend paid	-	(15,100)	(15,100)
Total comprehensive income for the year	-	(13,847)	(13,847)
At 31 December 2019 (restated)	-	3,347	3,347
Profit for the year	-	882	882
Total comprehensive income for the year	-	882	882
At 31 December 2020	-	4,229	4,229

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 2020 amounting to £882k (2019 restated: £1,253k).

There are no dividend been paid out through the intercompany account during the year. (2019:£15,100k)

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

Notes to the Financial Statements

at 31 December 2020

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 2020 were authorised for issue by the board of directors on 10 September 2021 and the balance sheet was signed on the board's behalf by P Krekels. 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. SC. 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 2020.

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

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company.

The nature and the impact of each of the following new standards, amendments and/or interpretations are listed below:

• Amendments to References to the Conceptual Framework in IFRS Standards, effective 1 January 2020

• Amendments to IFRS 3 Business Combinations – Definition of a Business, effective 1 January 2020

• Amendments to IFRS 9 Financial, IFRS 7 Financial Instruments: Disclosures and IAS 39 Financial Instruments: Recognition and measurement- Interest Rate Benchmark Reform, effective 1 January 2020

• Amendments to IFRS 16 Leases – Covid-19 related rent concessions, effective 1 June 2020

• Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material, effective 1 January 2020

Notes to the Financial Statements

at 31 December 2020

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.

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.

Notes to the Financial Statements

at 31 December 2020

2. Accounting policies *(continued)*

2.3 Critical accounting judgments and key sources of estimation uncertainty (Continued)

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

During the current year the company made a profit of £882k (2019: profit of £1,253k) and had net assets of £4,229k (2019: £3,347k). On this basis the directors have considered the company's current and future prospects and its availability of financing, and is satisfied that the company can continue to pay its liabilities as they fall due over a period to 31 December 2022.

The directors have received a letter of support from S.W.I.F.T SC that it will continue to support the company for a period to 31 December 2022.

The directors have made detailed enquiries, including confirmation of the strong liquidity position announced by S.W.I.F.T. SC and review of the latest financial results released in June 2021. After making these detailed enquiries, the directors are confident that S.W.I.F.T. has sufficient resources to enable it to provide financial

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.

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:

Notes to the Financial Statements

at 31 December 2020

2. Accounting policies *(continued)*

2.7 Income Taxes (continued)

- 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 2020

2. Accounting policies *(continued)*

2.9 Leases

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; 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 recognised 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 2020

2. Accounting policies *(continued)*

2.12 Financial instruments (continued)

(a) **Financial assets (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.

Notes to the Financial Statements

at 31 December 2020

2. Accounting policies *(continued)*

2.12 Financial instruments (continued)

(b) **Financial liabilities**

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.

2.13 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 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.

Notes to the Financial Statements

at 31 December 2020

2.1. Correction of material error

The financial statements of the company for the year ended 31 December 2020 have been impacted by the correction of a material error, resulting from overstated of defined benefit obligation for the employees of a company that is accounted at group level and affect group commission from S.W.I.F.T. SC. The group commission has been impacted by this error in 2017, 2018 and 2019.

Given the magnitude of the understatement and in application of IAS8 on material misstatements, the 2020 financial statements have been adapted to include specific disclosures related to the error, namely:

- The re-statement of the 2019 opening balances and movements with the corrected amounts, so that a proper comparison with the 2020 Financial Statements can be done by the reader can be found in the restatement columns of the different tables of this document,

- This specific note mentioning the source of the error and the impact since 2017 on the various captions of the Financial Statements.

Restatement of opening balance at 1 January 2019

	Balance 31 December 2018	*Impact for Error*	*Restated 1 January 2019*
	£000	*£000*	*£000*
Debtors	19,914	1,473	21,387
Creditor	(6,463)	(271)	(6,734)
Net assets	15,992	1,202	17,194
Retained earnings	15,992	1,202	17,194
Shareholders' funds	15,992	1,202	17,194

Impact on Balance Sheet

Group commission restatement on amount owing by intercompany and tax provision in respective years

	2017	*2018*	*2019*
	£000	*£000*	*£000*
Debtors	1,294	1,473	1,549
Creditor	(249)	(271)	(293)
Net assets	1,045	1,202	1,256
Retained earnings	1,045	1,202	1,256
Shareholders' funds	1,045	1,202	1,256

Notes to the Financial Statements

at 31 December 2020

2. Accounting policies *(continued)*

2.1. Correction of material error *(continued)*

Impact on Statement of Comprehensive Income

Group commission restatement on commission income, foreign currency impact and tax expenses in respective years

	2017 *£000*	*2018* *£000*	*2019* *£000*
Turnover	1,294	116	114
Other Operating costs	-	63	(38)
Profit on ordinary activities before taxation	1,294	179	76
Tax on profit on ordinary activities	(249)	(22)	(22)
Profit for the year	1,045	157	54

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.

		Restated
	2020 *£000*	*2019* *£000*
Group commission-S.W.I.F.T SC	*21,265*	*20,921*
Traffic Revenues	*4,600*	*4,321*
	25,865	25,242

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

4. Other operating costs

		Restated
	2020 *£000*	*2019* *£000*
Administration costs	*24,718*	*23,678*
	24,718	23,678

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

Notes to the Financial Statements

at 31 December 2020

5. Operating profit

This is stated after charging/(crediting):

	2020	2019
	£000	£000
Auditor's remuneration – for audit services	27	27
Depreciation and amounts written off tangible fixed assets – owned	329	297
Operating lease rentals – land and buildings	196	144
Defined contribution pension expense	1,476	1,401
Foreign exchange loss	-	61
Depreciation of right of use asset	668	705
Interest on right of use office buildings	117	138

6. Staff costs

Employee costs (including directors) are as shown below:

	2020	2019
	£000	£000
Wages and salaries	12,071	11,077
Social security costs	1,728	1,666
Other pension costs	1,476	1,401
Other employee costs	659	362
	15,934	14,506

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

	2020	2019
	No.	No.
Average number of employees	138	123

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

7. Finance income

	2020	2019
	£000	£000
Group interest receivable	4	50

8. Finance costs

	2020	2019
	£000	£000
Bank charges	7	5

Notes to the Financial Statements

at 31 December 2020

9. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2020 £000	Restated 2019 £000
Current tax:		
Debit for the year	208	354
Adjustment in respect of prior year	97	-
Total current tax	305	354
Deferred taxation:		
Debit/ (Credit) for the year:	34	(17)
Adjustment in respect of prior years	(72)	20
Total deferred tax	(38)	3
Tax in income statement	267	357

(b) Factors affecting tax charge for the year

	2020 £000	Restated 2019 £000
Profit on ordinary activities before tax	1,149	1,610
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 – 19 %)	218	306
Adjustment in respect of prior years	25	20
Others	-	9
Capital allowances in excess of depreciation	24	22
Total tax	267	357

(c) Deferred tax asset

Deferred tax assets provided in the accounts are as follows:

	2020 £000	Restated 2019 £000
Accelerated capital allowances (note 14)	45	7
	45	7

Notes to the Financial Statements

at 31 December 2020

9. Tax on profit on ordinary activities (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%.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. As the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to reduce the tax expense for the period by GBP14k, to increase the deferred tax asset to GBP59k.

10. Dividends

Nil dividend paid (2019 – £15,100k which is £7,550k per share)

11. Property, plant and equipment

	Leasehold improvements £000	*Fixtures, fittings and equipment £000*	*Total £000*
Cost:			
At 1 January 2020	2,927	674	3,601
Additions	5	440	445
At 31 December 2020	2,932	1,114	4,046
Accumulated depreciation:			
At 1 January 2020	2,090	476	2,566
Charge for the year	231	98	329
At 31 December 2020	2,321	574	2,895
Net book value:			
At 31 December 2020	611	540	1,151
At 31 December 2019	837	198	1,035

Notes to the Financial Statements

at 31 December 2020

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 recognised and the movements during the year

	2020	*2019*
	£000	*£000*
Cost:		
At 1 January	5,920	5,920
Addition	1,843	-
At 31 December	7,763	5,920
Accumulated depreciation:		
At 1 January	(705)	-
Addition	(668)	(705)
At 31 December	(1,373)	(705)
Net book value:		
At 31 December	6,390	5,215

Variation of lease liabilities value during fiscal year:

	2020	*2019*
	£000	*£000*
Non-current liabilities	5,534	4,621
Current liabilities	956	657
Total liabilities	6,490	5,278

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

	2020	*2019*
	£000	*£000*
Depreciation on right of use asset	(668)	(705)
Interest on right of use office buildings	(117)	(138)
Total expenses	(785)	(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 (2019: £223).

Notes to the Financial Statements

at 31 December 2020

14. Debtors

	2020	Restated 2019
Amounts falling due within one year	*£000*	*£000*
Trade debtors	2,743	964
Amounts owned by group undertakings - Parent undertaking	4,037	7,892
Other taxes recoverable	242	49
Corporation tax receivable	517	-
Other debtors	87	87
Deferred tax asset	45	7
Prepayments	1,066	716
	8,737	9,715

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

	2020	Restated 2019
	£000	*£000*
Trade creditors	2,689	2,029
Corporation tax payable	-	442
Other taxes and social security	553	700
Accruals and deferred income	4,023	4,114
	7,265	7,285

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

	2020	2019
	£000	*£000*
Contract liabilities:		
Opening balance	151	176
Movement	(21)	(25)
Closing balance	130	151

Contract liabilities expected to fully realise by 2027.

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

Notes to the Financial Statements

at 31 December 2020

17. Called up share capital

		2020		2019
Allotted, called up and fully paid	*No.*	*£*	*No.*	*£*
Ordinary shares of £1 each	2	2	2	2

18. Pension commitments

The company operates a defined contribution pension scheme for its UK employees. The 2020 charge in this respect was £1,476k (2019: £1,401k). 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 (2019: £Nil).

20. Ultimate parent undertaking and controlling party

As at 31 December 2020 the Company's immediate parent undertaking and ultimate controlling party was S.W.I.F.T. SC, 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. SC 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.

22. Covid-19

The outbreak of the COVID-19 virus and the results of the measures to contain the virus have no material negative effect on SWIFT's 2020 financial results.

Beside COVID-19, there is no event that occurred after the reporting date that would affect the proper evaluation and any decisions related to the financial statements.