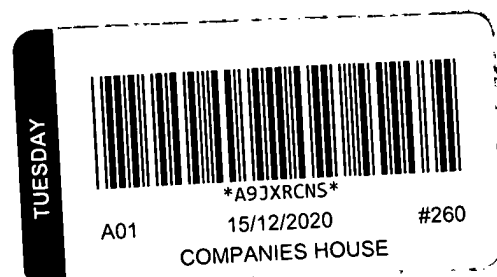


RETAIL MERCHANT FINANCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



RETAIL MERCHANT FINANCE LIMITED

COMPANY INFORMATION

Directors	Mr K O'Keefe Mr J Nicholls
Registered number	06079692
Registered office	Matrix House North Fourth Street MILTON KEYNES MK9 1NJ
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Victoria House 199 Avebury Avenue Milton Keynes MK9 1AU
Bankers	Natwest Bank PLC Victoria Street GRIMSBY DN31 1GA

RETAIL MERCHANT FINANCE LIMITED

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RETAIL MERCHANT FINANCE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their Strategic Report for the year ended 31 December 2019.

Principal activity and business review

The principal activity of the company during the year was providing credit and debit card processing services to retailers.

The company is wholly owned by Retail Merchant Group Limited, of which is wholly owned by RMS Holdco Limited. The group was purchased by Technology Crossover Ventures (TCV) in February 2017.

Annual turnover increased to £20.1 million (2018: £15.0 million). The directors are satisfied with the annual results. The company achieved an operating profit of £13.1 million, an increase from the prior year of £8.6 million. The company has a sizeable tax charge of £2.5 million and has a net profit for the year of £10.7 million, which is an increase of 52.8% on the previous year of £7.0 million.

Cash remained stable at £3.3m (2018: £3.3m)

We continue to develop and invest in new technologies and services to drive the growth and efficiency of the business and create additional opportunities with both new and existing customers.

Principal risks and uncertainties

The principal risks to the business arise from competition, recruitment and retention of key people, technological changes and regulatory changes.

Competition

We are at risk from competitors who offer the same service. To mitigate this risk we ensure that we recruit experienced staff and offer a competitive package to our customers.

We continue to invest in technology to be able to offer customers further supplementary products that look to make our customers lives easier.

Recruitment and retention of key people

With the company expanding, the board of directors are responsible for creating and appointing critical new business positions to build and supplement departments with the critical experience, key skills and industry knowledge needed to keep ahead of the competition.

Technological changes

The market the company operates in is relatively mature but new payment technologies are being developed continually. The risk to the company is that we do not understand and anticipate changes occurring and are caught out by not having "state of the art" devices for our customers. To mitigate this risk we have a dedicated team who work with the industry to identify potential changes and continually keep the board informed of the risks and options available to us.

Regulatory changes

The industry is significantly regulated although our business is not. We continue to monitor the direction of travel of regulations and anticipate where changes might occur. We continue to improve our process order systems to ensure readiness should any regulatory change occur.

RETAIL MERCHANT FINANCE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Liquidity risk

The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through inter-company accounts and bank borrowings.

Key performance indicators

Financial key performance indicators

The directors manage the ongoing performance of the business by reviewing key financial performance indicators as follows;

- Gross Margin 67% (2018: 62%)

- Net Margin 53% (2018: 47%)

Other key performance indicators

The directors also measure the importance of staff and customer retention.

Covid-19 Risk

The uncertainty as to the future impact on the company of the COVID-19 outbreak has been considered as part of the company's adoption of the going concern basis. Following continued strong growth in the first 11 weeks of 2020, following the introduction of the UK lockdown on 23 March 2020, the company saw an initial sharp decline in revenues as a significant number of our customers had to temporarily close operations. In the scenario analysis performed, the Board has considered the potential impact of the COVID-19 outbreak on the company's results. In preparing this analysis the following key assumptions were used: a significant decline in total revenue across the company, with trading recovering towards the end of 2020, cost saving benefits to be achieved from the closure of the regional offices, cost efficiencies from a reduction in headcount and volume related cost savings. This analysis did not include any upside impact from the acceleration of the shift to cashless payments. Under this scenario, the directors are satisfied that the company can continue to trade as a going concern.

In response to the Covid-19 pandemic the company continues to closely monitor the constantly changing risk of the situation. Given the continued uncertainty, we have taken prudent action to safeguard our liquidity and are ready to meet the continuing needs of our customers and other stakeholders. Our response is coordinated through the management team working with representatives from across all business areas as well as regular communication with the directors. The key risks to our operations include: the impact on our colleagues, especially those who are at high risk and need to self-isolate; disruption to our supply chain through restrictions of movement; the temporary closure of a proportion of our merchant customer base as a result of lockdown restrictions; higher churn in our customer base due to merchants becoming insolvent as a result of being unable to trade.

The company has taken a number of steps to ensure both the health and safety of the employees and the mitigation of any adverse financial impacts from the loss of revenues. Given the UK Government advice on social distancing, the entire company workforce has been able to work remotely through a secure VPN to minimise the risk of a failure in our internal control environment. During this period where employees are working remotely, the company has increased the cadence of communication with staff to regular conference calls, to ensure continued engagement of the workforce. In order to mitigate, where possible, the adverse financial impacts from the lockdown the Group has taken a number of actions. These have included taking advantage of the HMRC Coronavirus Job Retention Scheme, the consolidation of all operations into our central Milton Keynes Head Office and closure of our regional offices as well as the implementation of a cost reduction exercise that included a temporary freezing of new hires along with a review of headcount across the business.

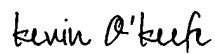
RETAIL MERCHANT FINANCE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Future outlook

The group will continue to develop and invest in new technologies and services to drive the growth and efficiency of the business and create additional opportunities with both new and existing customers.

This report was approved by the board on 24 November 2020 and signed on its behalf.



Mr K O'Keefe
Director

RETAIL MERCHANT FINANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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

Directors

The directors who served during the year were:

Mr K O'Keefe
Mr J Nicholls

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

RETAIL MERCHANT FINANCE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Disclosure of information to auditor

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

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

Post balance sheet events

On 11 March 2020 the World Health Organisation declared that the Covid-19 health emergency was a global pandemic and on 23 March 2020 the UK Government declared a series of measures to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services. While subsequent to 31 December 2019, some of our customers have gone into liquidation, given the nature of the business we do not have exposure to any sizeable customers and so the impact has not been materially significant. The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact.

The Company has taken the necessary measures to ensure, where possible, mitigation of any adverse financial impacts from the lockdown. These have included taking advantage of the HMRC Coronavirus Job Retention Scheme and the consolidation of all operations into our central Milton Keynes Head Office and closure of our regional offices.

Auditor

The auditor, Grant Thornton UK LLP, is deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 23 February 2016.

This report was approved by the board on 24 November 2020 and signed on its behalf.

Kevin O'Keefe

Mr K O'Keefe
Director

RETAIL MERCHANT FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETAIL MERCHANT FINANCE LIMITED

Opinion

We have audited the financial statements of Retail Merchant Finance Limited (the 'company') for the year ended 31 December 2019, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

RETAIL MERCHANT FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETAIL MERCHANT FINANCE LIMITED (CONTINUED)

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

RETAIL MERCHANT FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETAIL MERCHANT FINANCE LIMITED (CONTINUED)

Matter on which we are required to report under the Companies Act 2006

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 the Directors' Report.

Matters on which we are required to report by exception

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 for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

RETAIL MERCHANT FINANCE LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RETAIL MERCHANT FINANCE LIMITED
(CONTINUED)**

Grant Thornton UK LLP

Mitesh Tanna ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

24 November 2020

RETAIL MERCHANT FINANCE LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	20,145,813	14,957,785
Cost of sales		(6,713,866)	(5,665,468)
Gross profit		13,431,947	9,292,317
Administrative expenses		(300,914)	(651,509)
Operating profit	5	13,131,033	8,640,808
Interest receivable and similar income	9	11,486	7,468
Profit before tax		13,142,519	8,648,276
Tax on profit	10	(2,487,487)	(1,674,515)
Profit after tax		10,655,032	6,973,761
Retained earnings at the beginning of the year		20,773,556	13,799,795
Profit for the year		10,655,032	6,973,761
Retained earnings at the end of the year		31,428,588	20,773,556

The notes on pages 12 to 23 form part of these financial statements.

RETAIL MERCHANT FINANCE LIMITED
REGISTERED NUMBER:06079692

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Current assets			
Debtors: amounts falling due within one year	11	32,017,441	19,960,189
Cash at bank and in hand	12	3,260,239	3,330,914
		<u>35,277,680</u>	<u>23,291,103</u>
Creditors: amounts falling due within one year	13	(3,848,992)	(2,517,447)
Net current assets		<u>31,428,688</u>	<u>20,773,656</u>
Total assets less current liabilities		<u>31,428,688</u>	<u>20,773,656</u>
Net assets		<u>31,428,688</u>	<u>20,773,656</u>
Capital and reserves			
Called up share capital	17	100	100
Profit and loss account	16	31,428,588	20,773,556
		<u>31,428,688</u>	<u>20,773,656</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 November 2020.

Kevin O'Keefe

Mr K O'Keefe
Director

The notes on pages 12 to 23 form part of these financial statements.

RETAIL MERCHANT FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Retail Merchant Finance Limited is a limited liability company incorporated in England and Wales. Its registered head office is located at Matrix House, North Fourth Street, Milton Keynes, MK9 1NJ.

The principal activity of the company during the year was providing credit and debit card processing services to retailers.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of RMS Holdco Limited as at 31 December 2019 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

RETAIL MERCHANT FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.3 Going concern**

The directors have considered the company's, net current asset position of £31.4m and the £10.7m profit for the year (2018: £7.0m), made appropriate enquiries of other group companies and reviewed forecasts of future group trading levels and cash flows covering at least 12 months from the date of these accounts, taking into account the group banking facilities currently available and expected to be available to the group.

On this basis, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the company has sufficient resources to continue in operation for the foreseeable future. For this reason, the directors consider the adoption of the going concern basis in preparing the financial statements is appropriate.

2.4 Revenue

A transaction fee is incurred each time a credit or debit card terminal is used by one of the company's customers (primarily independent retailers). This is recorded by a third party, who receive the fees from the bank for each transaction and then pay a commission to the company.

This commission revenue from a contract to provide services is recognised in the period in which the services are provided and 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.

Commission revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.5 Operating leases

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

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

2.8 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that

RETAIL MERCHANT FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.8 Financial instruments (continued)

are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Income and Retained Earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.10 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the company in independently administered funds.

RETAIL MERCHANT FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)**2.11 Interest income**

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

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

Preparation of the financial statements requires management to make significant judgements and estimates. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstance.

The items in the financial statements where these judgements or estimates have been made include:

Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors and associated provision.

RETAIL MERCHANT FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4. Turnover

The whole of the turnover is attributable to the rendering of services.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	19,324,427	14,337,219
Rest of Europe	821,386	620,566
	<u>20,145,813</u>	<u>14,957,785</u>

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Operating lease rentals: - other operating lease rentals	<u>395,023</u>	<u>442,302</u>

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	<u>2,000</u>	<u>2,000</u>

RETAIL MERCHANT FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2019	2018
	£	£
Wages and salaries	4,185,369	3,827,625
Social security costs	574,952	669,254
Cost of defined contribution scheme	96,389	34,796
	<u>4,856,710</u>	<u>4,531,675</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019	2018
	No.	No.
Administration & Management	7	8
Sales	78	65
	<u>85</u>	<u>73</u>

8. Directors' remuneration

The Company is wholly owned by RMS Holdco Limited. Details of directors' remuneration are included within the financial statements of RMS Holdco Limited as at 31 December 2019, which may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

9. Interest receivable

	2019	2018
	£	£
Other interest receivable	<u>11,486</u>	<u>7,468</u>

RETAIL MERCHANT FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	293,274	76,732
Adjustments in respect of previous periods	(9,818)	31,419
	<u>283,456</u>	<u>108,151</u>
 Group taxation relief	 2,203,805	 1,567,771
	<u>2,487,261</u>	<u>1,675,922</u>
 Total current tax	 <u>2,487,261</u>	 <u>1,675,922</u>
Deferred tax		
Origination and reversal of timing differences	226	(1,407)
Total deferred tax	<u>226</u>	<u>(1,407)</u>
 Taxation on profit on ordinary activities	 <u>2,487,487</u>	 <u>1,674,515</u>

RETAIL MERCHANT FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>13,142,519</u>	<u>8,648,276</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	2,497,079	1,643,172
Effects of:		
Adjustments to tax charge in respect of prior periods	(9,592)	21,554
Effects of changes in tax rates	-	140
Other differences leading to an increase (decrease) in the tax charge	-	9,649
Total tax charge for the year	<u>2,487,487</u>	<u>1,674,515</u>

Factors that may affect future tax charges

The government announced in their budget held on 11 March 2020, that the corporate tax rate applicable from 1 April 2020 is now to remain at 19%. This change was substantively enacted on 17 March 2020. This change in the corporate tax should not have a material future effect on the deferred tax balances recognised in these financial statements.

RETAIL MERCHANT FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Debtors

	2019 £	2018 £
Trade debtors	166,343	1,580,389
Amounts owed by group undertakings	30,039,651	18,219,627
Prepayments and accrued income	1,810,266	158,766
Deferred taxation	1,181	1,407
	<u>32,017,441</u>	<u>19,960,189</u>

There were no impairment losses recognised against trade debtors for either year.

12. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>3,260,239</u>	<u>3,330,914</u>

13. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	69,512	81,323
Amounts owed to group undertakings	1,094,946	-
Corporation tax	2,303,503	2,022,682
Other taxation and social security	168,798	177,644
Accruals and deferred income	212,233	235,798
	<u>3,848,992</u>	<u>2,517,447</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

RETAIL MERCHANT FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost:		
Trade debtors	166,343	1,580,389
Amounts owed by group undertakings	30,039,651	18,219,627
Cash	3,260,239	3,330,914
Accrued income	1,776,213	-
	<u>35,242,446</u>	<u>23,130,930</u>
Financial liabilities		
Financial liabilities measured at amortised cost:		
Trade creditors	(69,512)	(81,323)
Amounts owed by group undertakings	(1,094,946)	-
Accruals and deferred income	(212,233)	(235,798)
	<u>(1,376,691)</u>	<u>(317,121)</u>

15. Deferred taxation

	2019 £
At beginning of year	1,407
Charged to profit or loss	(226)
Utilised in year	-
At end of year	<u>1,181</u>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Short term timing differences	1,181	1,407
Deferred tax	<u>1,181</u>	<u>1,407</u>

RETAIL MERCHANT FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

16. Reserves

Profit & loss account

Includes all current and prior period retained profit and losses.

17. Share capital

	2019 £	2018 £
Authorised, allotted, called up and fully paid		
100 (2018 - 100) Ordinary shares of £1 each	100	100

18. Capital commitments

The company had no capital commitments for the year ended 31 December 2019 (2018: £Nil).

19. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £96,389 (2018: £34,796). Contributions totalling £15,722 (2018: £6,948) were payable to the fund at the statement of financial position date.

20. Commitments under operating leases

At 31 December 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	85,117	371,137
Later than 1 year and not later than 5 years	-	71,165
	85,117	442,302

RETAIL MERCHANT FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

21. Related party transactions

As a qualifying entity, the company has taken advantage of the disclosure exemptions of FRS 102 section 1.

The Company is wholly owned by Retail Merchant Group Limited, of which is subsequently wholly owned by RMS Holdco Limited. Details of key management personnel compensation are included within the financial statements of RMS Holdco Limited as at 31 December 2019, these may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

22. Controlling party

The company is wholly owned by Retail Merchant Group limited, of which is wholly owned by RMS Holdco Limited.

At 31 December 2019, its controlling related party was TCV IX, L.P., an exempted limited partnership incorporated in the Cayman Islands.

23. Post Balance Sheet Events

On 11 March 2020 the World Health Organisation declared that the Covid-19 health emergency was a global pandemic and on 23 March 2020 the UK Government declared a series of measures to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services. While subsequent to 31 December 2019, some of our customers have gone into liquidation, given the nature of the business we do not have exposure to any sizeable customers and so the impact has not been materially significant. The Company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact.

The Company has taken the necessary measures to ensure, where possible, mitigation of any adverse financial impacts from the lockdown. These have included taking advantage of the HMRC Coronavirus Job Retention Scheme and the consolidation of all operations into our central Milton Keynes Head Office and closure of our regional offices.