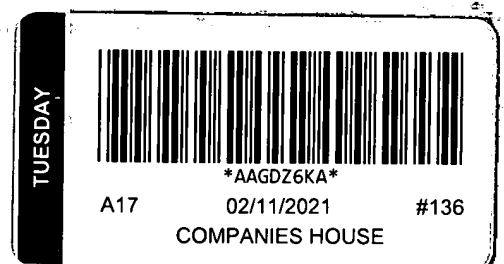


Registered number: 06079692



ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



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

CONTENTS

	Page
Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 9
Statement of Income and Retained Earnings	10
Statement of Financial Position	11
Notes to the Financial Statements	12 - 23

RETAIL MERCHANT FINANCE LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their Strategic Report for the year ended 31 December 2020.

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.

During the year, the United Kingdom experienced multiple lockdowns in response to Covid-19. As a result annual turnover decreased to £19.2 million (*2019: £20.1 million*). With this in mind, the directors are satisfied with the annual results.

The company achieved an operating profit of £12.8 million, a decrease from the prior year of £13.1 million. The company has a sizeable tax charge of £2.4 million and has a net profit for the year of £10.4 million, which is a decrease of 2.6% on the previous year of £10.7 million.

Cash increased to £5.8m from £3.3m in the prior year, with pre-emptive measures taken in response to Covid-19 such as; utilising the HMRC Coronavirus Job Retention Scheme and; the consolidation of all operations into our central Milton Keynes Head Office.

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.

RETAIL MERCHANT FINANCE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

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 and aspects of our business are regulated by the Financial Conduct Authority following accreditation in 2020. 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.

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 65% (2019: 67%)
- Net Margin 54% (2019: 53%)

Other key performance indicators

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

RETAIL MERCHANT FINANCE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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.

Throughout 2020 there were various restrictions implemented across the UK, with the first lockdown starting 23 March and non-essential shops not re-opening until 15 June. Localised lockdowns were then introduced from 4 July whilst other restrictions were being eased such as the re-opening of businesses including pubs, restaurants and hairdressers. Eat out to help out initiatives started from 3 August and resulted in a sharp increase in card transactions with revenues increasing until a second lockdown was enforced on 5 November, with this lockdown lasting until 2 December 2020 and tier 4 social restrictions continuing on over the Christmas period.

In response to the Covid-19 pandemic the company continues to closely monitor the constantly changing risk of the situation. During the year, management took prudent action to safeguard liquidity whilst continuing to meet the needs of our customers. Our response was 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 included: the impact on our colleagues; 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 took 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 company took a number of actions. These have included taking advantage of the HMRC Coronavirus Job Retention Scheme in 2020, 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.

During 2021, as restrictions were gradually eased with the full lifting of all lockdown restrictions from 19th July 2021, the company has continued to experience growth both in terms of revenue and profitability, whilst also continuing to invest in technology capabilities and the commitment to making our customers lives easier. On this basis, the company has completed the 2020 statutory accounts on a going concern basis.

Future outlook

The company 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 28 October 2021 and signed on its behalf.

Kevin O'Keefe

Mr K O'Keefe
Director

RETAIL MERCHANT FINANCE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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

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 may differ from legislation in other jurisdictions.

RETAIL MERCHANT FINANCE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Disclosure of information to auditor

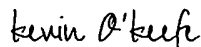
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- 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 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.

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 28 October 2021 and signed on its behalf.



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 2020, 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 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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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 of at least twelve months from when the financial statements are authorised for issue.

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.

The responsibilities of the directors with respect to going concern are described in the 'Directors' responsibilities statement' section of this report.

RETAIL MERCHANT FINANCE LIMITED

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

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.

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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 set out on page 4 and 5, 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.

RETAIL MERCHANT FINANCE LIMITED

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

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.

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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- 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 frameworks (FRS 102 and Companies Act 2006).
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We enquired of management and those charged with governance, concerning the Company's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations; and
 - the detection and response to the risks of fraud.
- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We corroborated the results of our enquiries to relevant supporting documentation.
- Audit procedures performed by the engagement team included:
 - evaluation of the processes and controls established to address the risks related to irregularities and fraud;
 - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
 - identifying and testing related party transactions.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the client operates;
 - understanding of the legal and regulatory requirements specific to the Company including:
 - the provisions of the applicable legislation;
 - the applicable statutory provisions.

RETAIL MERCHANT FINANCE LIMITED

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

- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Company's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the applicable statutory provisions;
 - the Company's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the Company's compliance with regulatory requirements.

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.

Grant Thornton UK LLP

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

28 October 2021

RETAIL MERCHANT FINANCE LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	19,245,258	20,145,813
Cost of sales		(6,756,319)	(6,713,866)
Gross profit		12,488,939	13,431,947
Administrative expenses		(101,610)	(300,914)
Other operating income	5	415,593	-
Operating profit	6	12,802,922	13,131,033
Interest receivable and similar income	10	6,180	11,486
Profit before tax		12,809,102	13,142,519
Tax on profit	11	(2,434,513)	(2,487,487)
Profit after tax		10,374,589	10,655,032
Retained earnings at the beginning of the year		31,428,588	20,773,556
Profit for the year		10,374,589	10,655,032
Retained earnings at the end of the year		41,803,177	31,428,588

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 2020

	Note	2020 £	2019 £
Current assets			
Debtors: amounts falling due within one year	12	39,179,167	32,017,441
Cash at bank and in hand	13	5,802,506	3,260,239
		<u>44,981,673</u>	<u>35,277,680</u>
Creditors: amounts falling due within one year	14	(3,178,396)	(3,848,992)
Net current assets		<u>41,803,277</u>	<u>31,428,688</u>
Total assets less current liabilities		<u>41,803,277</u>	<u>31,428,688</u>
Net assets		<u><u>41,803,277</u></u>	<u><u>31,428,688</u></u>
Capital and reserves			
Called up share capital	18	100	100
Profit and loss account	17	41,803,177	31,428,588
		<u>41,803,277</u>	<u>31,428,688</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 October 2021.

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 2020

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 2020 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 2020**

2. Accounting policies (continued)

2.3 Going concern

The directors have considered the company's, net current asset position of £41.8m and the £10.4m profit for the year (2019: £10.7m), 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 2020**

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 Government grants

Grants received during the year relate wholly and exclusively in relation to the HMRC Coronavirus Job Retention Scheme and are accounted for in the period to which the claim relates.

RETAIL MERCHANT FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.11 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.

2.12 Interest income

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

2.13 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.

2.14 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.

RETAIL MERCHANT FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 12 for the net carrying amount of the debtors and associated provision.

4. Turnover

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

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	18,408,559	19,324,427
Rest of Europe	836,699	821,386
	<u>19,245,258</u>	<u>20,145,813</u>

5. Other operating income

	2020 £	2019 £
Grant income	415,593	-
	<u>415,593</u>	<u>-</u>

This amount relates wholly and exclusively to the receipt of Government grants regarding the Corona virus job retention scheme.

RETAIL MERCHANT FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Operating lease rentals:		
- other operating lease rentals	116,555	395,023
	<u>116,555</u>	<u>395,023</u>

7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	2,000	2,000
	<u>2,000</u>	<u>2,000</u>

8. Employees

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

	2020 £	2019 £
Wages and salaries	4,390,299	4,185,369
Social security costs	497,116	574,952
Cost of defined contribution scheme	107,374	96,389
	<u>4,994,789</u>	<u>4,856,710</u>

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

	2020 No.	2019 No.
Administration & Management	4	7
Sales	66	78
	<u>70</u>	<u>85</u>

9. 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 2020, which 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 2020**

10. Interest receivable

	2020 £	2019 £
Other interest receivable	<u>6,180</u>	<u>11,486</u>

11. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	519,699	293,274
Adjustments in respect of previous periods	2,589	(9,818)
	<u>522,288</u>	<u>283,456</u>
Group taxation relief	1,911,044	2,203,805
	<u>2,433,332</u>	<u>2,487,261</u>
Total current tax	<u>2,433,332</u>	<u>2,487,261</u>
Deferred tax		
Origination and reversal of timing differences	1,181	226
Total deferred tax	<u>1,181</u>	<u>226</u>
Taxation on profit on ordinary activities	<u>2,434,513</u>	<u>2,487,487</u>

RETAIL MERCHANT FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

The tax assessed for the year is the same as (2019 - the same as) the standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>12,809,102</u>	<u>13,142,519</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	2,433,105	2,497,079
Effects of:		
Adjustments to tax charge in respect of prior periods	2,589	(9,818)
Short term timing difference leading to an increase (decrease)/increase in taxation	(1,181)	226
Total tax charge for the year	<u>2,434,513</u>	<u>2,487,487</u>

Factors that may affect future tax charges

The government announced in their budget held on 3 March 2021, that the corporate tax rate applicative from 1 April 2021 is to remain at 19%. This budget set out plans to increase the corporation tax rate to 25%, but will not take effect until 2023. 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 2020**

12. Debtors

	2020 £	2019 £
Trade debtors	121,941	166,343
Amounts owed by group undertakings	37,318,472	30,039,651
Prepayments and accrued income	1,738,754	1,810,266
Deferred taxation	-	1,181
	<u>39,179,167</u>	<u>32,017,441</u>

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

13. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>5,802,506</u>	<u>3,260,239</u>

14. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	2,219	69,512
Amounts owed to group undertakings	200,394	1,094,946
Corporation tax	2,430,742	2,303,503
Other taxation and social security	152,194	168,798
Accruals and deferred income	392,847	212,233
	<u>3,178,396</u>	<u>3,848,992</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 2020**

15. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost:		
Trade debtors	121,941	166,343
Amounts owed by group undertakings	37,318,472	30,039,651
Cash	5,802,506	3,260,239
Accrued income	1,738,754	1,776,213
	<u>44,981,673</u>	<u>35,242,446</u>
Financial liabilities		
Financial liabilities measured at amortised cost:		
Trade creditors	(2,219)	(69,512)
Amounts owed by group undertakings	(198,494)	(1,094,946)
	<u>(200,713)</u>	<u>(1,164,458)</u>

16. Deferred taxation

	2020 £
At beginning of year	1,181
Charged to profit or loss	(1,181)
At end of year	<u>-</u>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Short term timing differences	-	1,181
Deferred tax	<u>-</u>	<u>1,181</u>

RETAIL MERCHANT FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

17. Reserves**Profit & loss account**

Includes all current and prior period retained profit and losses.

18. Share capital

	2020	2019
	£	£
Authorised, allotted, called up and fully paid		
100 (2019 - 100) Ordinary shares of £1 each	100	100
	<hr/>	<hr/>

19. Capital commitments

The company had no capital commitments for the year ended 31 December 2020 (2019: £Nil).

20. 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 £107,374 (2019: £96,389). Contributions totalling £11,477 (2019: £15,722) were payable to the fund at the statement of financial position date.

21. Commitments under operating leases

At 31 December 2020 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£	£
Not later than 1 year	-	85,117
	<hr/>	<hr/>
	-	85,117
	<hr/>	<hr/>

22. 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 2020, these 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 2020**

23. Controlling party

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

At 31 December 2020, its controlling related party was TCV IX, L.P., an exempted limited partnership incorporated in the Cayman Islands.