Annual financial statements

Year Ended 31 December 2019

Checkout Ltd 08037323

checkout.com

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Company information

Directors

Guillaume Pousaz
Thomas Hovaguimian (Resigned 04/12/2020)
Mike Benchimol (Appointed 04/12/2020)

Registered address

54 Portland Place
London
England
W1B 1DY
United Kingdom

Principal banks

Barclays Bank
One Churchill Place
Canary Wharf
London
E14 5HP

J.P. Morgan
25 Bank Street
Canary Wharf
London
E14 5JP

Independent auditors

Pricewaterhouse Coopers LLP
Chartered Accountants and
Statutory Auditors

1 Embankment Place
London
WC2N 6RH

Strategic report

Checkout Ltd at a glance

We measure the development, performance and position of our business against several performance indicators, which are listed below:

Total revenue

$146.384m

+96%

(2018: $74.826m)

Gross profit

$54.646m

+52%

(2018: $35.964m)

*Adjusted EBITDA

$5.473m

+49%

(2018: $3.769m)

*Adjusted EBITDA = operating profit/(loss) + depreciation/amortisation + share based payments charge

Employee numbers at year end

309 individuals

+99%

(2018: 155 individuals)

Operating cash flow

$8.048m

-40%

(2018: $13.404m)

Chief executive's letter

I am pleased to report another year of strong growth for Checkout Ltd across all metrics

2019 was another strong year of growth for Checkout Ltd, the FCA regulated financial services arm of the Checkout Payments Group Ltd ("The Group") which focuses for the time being on providing the European market with acquiring services.

People remain at the heart of our business

Our UK headcount at year end excluding contractors grew from 155 to 309 employees due to significant increases in our product and engineering departments, with the addition of 51 people, who are primarily based in London.

We opened an office in Porto to expand our engineering team and began steps to open our new headquarters in London which opened mid 2020. This provides us with over 80,000 sq ft and space for up to 800 employees and demonstrates our long term commitment to London and the UK as one of the global hubs of fintech innovation.

As we continue to grow, the need to attract world class talent only increases and in 2019 and into 2020 we continued to build out our People team adding deep expertise in diversity and inclusion, employer branding, employee engagement and people acquisition.

Our offering continues to expand

One of our primary objectives for the year was to obtain a second EMI licence with EU passporting rights through a fellow group company as part of our Brexit planning, Checkout SAS. In conjunction with this, we also aimed at obtaining principal memberships of Visa, Mastercard and other schemes in France. The successful completion of this now allows us to provide a seamless experience for our customers in the event of a no deal UK exit from the single market at the end of 2020. Transitioning this business to our French subsidiary will result in a decline in UK revenues.

We continue to see the benefits of investments made in 2018. We have enhanced our payments solution to allow merchants to offer even stronger customer experiences on a global level. We have added key popular payment methods including Cartes Bancaires, Klarna , EPS, Fawry, Bancontact, Przelewy 24 and Multibanco to our European offering. These expanded payment methods, paired with our best-in-class real -time data and reporting all accessed through our proprietary Unified Payments API continue to serve as a competitive differentiator for our growing business.

This expansion of our offering, together with the efforts of our commercial teams saw revenue grow by almost 100%.
We continued to invest deeply into the commercial organisation, expanding significantly our consumer success function and beginning a substantial initiative to revamp our sales operations with the goal of providing a seamless experience for our new and existing enterprise merchants.

External funding for the group strengthens our position

During 2019 the Group conducted our first round of external fundraising, a record-breaking US$230m Series A led by world class investors including Insight Partners and DST Global with the participation of GIC, Ribbit Capital, Endeavour Catalyst and Blossom Capital. Checkout.com's mission and therefore the mission also for Checkout Ltd has always been to truly empower our customers by reducing the complexities of their payments. This raise, and our subsequent Series B which followed in 2020 provides us with a very strong balance sheet at Group level which enables us to continue to expand our product offering in Europe and around the world, creating more seamless payments for merchants and their customers and taking another step towards building the banking that businesses deserve.

Since the end of the year the spread of the COVID-19 pandemic has severely impacted businesses and economies around the world and will continue to do so moving forward. Checkout Ltd continued to provide our services with no disruption to merchants and a seamless transition to work from home for our teams. The wellbeing of our employees, their ability to continue to perform and the provision of impeccable service to our merchants continues to be our highest priorities.

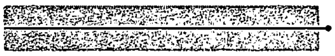
Peace & Power

Guillaume Pousaz
CEO & Founder

Chief financial officer's report

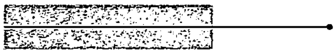
Checkout Ltd achieved substantial growth in revenue whilst generating strong cash flow

Revenue growth
$146.384m



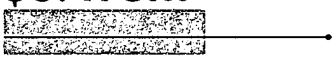
96%

Gross profit
$54.646m



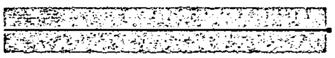
+52%

*Adjusted EBITDA
$5.473m



+49%

Headcount at year end increase
309 individuals



99%

Operating cash flow
$8.048m

-40%

Checkout Ltd continued to demonstrate strong momentum in 2019. The European acquiring part of our business once again recorded growth in revenues, gross profit, and Adjusted EBITDA.

2019 saw the Checkout.com Group enter a new chapter of its growth journey, to complete a record-breaking $230m Series A fundraise in the first half of 2019. The group capitalised on this momentum, to raise a further $150m 12 months later in June 2020, tripling its valuation from a year earlier.

This year, revenue growth reached over 96%, evidencing the continuous demand of European digital commerce merchants for a payment solution that fulfills their increasingly complex needs, and their requirements for domestic payment processing capabilities in the UK and the Continent. Gross profit remained strong, expanding by over 52% demonstrating the ongoing traction of our European business and of our commercial efforts in that region.

In 2019, employees benefited from an Employee Stock Option Plan put in place at Checkout Payments Group Limited following the completion of the Series A funding. This plan was designed to support its hiring efforts and for the Group to share its success and growth with its team.

Adjusted EBITDA, before attributing the non-cash effect of share-based payments related to this plan, continues to be positive at $5.5m.

2019 continued to be a year where Checkout Ltd invested significant resources in its development, and that of the wider group. In addition to its $34.5m personnel expenses, technology and communication costs rose to $6.7m and marketing costs to over $1m. In addition, Checkout Ltd spent $ 1.7m on property. Despite the material investments for the year, operating cash flow remained strong at $8.0m.

The significant growth of the Company has also translated in headcount increasing 99% year on year, with Checkout Ltd employing 309 individuals as of the year end. The 167% growth in wages and share based payments confirms our continuous strategy to hire and retain exceptional talent throughout all areas of the business.

As a result of its strong net asset position, Checkout Ltd has continued to extend fixed rate bonds to Group entities in the US, Hong Kong, Australia and Germany.

I am very proud of the team and the financial results we produced this year. We look forward to reporting a strong and exciting 2020.

Hovaguimian

Thomas Hovaguimian
CFO

Principal risks

These arise from internal or external events, acts or omissions which could pose a threat to the Company.

The Company has in place a quarterly Corporate Risk and Compliance Committee ("CRCC") whose purpose is to monitor and assess all risks the Company is exposed to on a regular basis.

The following table outlines the most significant risks to Checkout Ltd's business. The risks below do not purport to be exhaustive.

There may be additional risks that materialise over time that the Company has not yet identified or not yet deemed to have a potentially material adverse effect on the business.

Strategic risk

Risk category	Risk description	Mitigating factors
Settlement and remittance risk	The failure to remit funds to merchants in time due to the lack of funds' availability, resulting from delays/ operational failures in third party financial institutions or card scheme payments. This could result in financial loss and/or reputational damage.	• Daily reconciliations of all transactions • Daily treasury management • Multiple banking partners to ensure no reliance on sole provider • Excess liquidity gives flexibility to meet ongoing remittance obligations in case of operational failure by a bank or scheme partner
Currency fluctuation risk	The failure to adequately manage the Company's FX exposure resulting in financial loss to the business.	• Elimination of exposure by constantly rebalancing cash reserves' currencies, to minimise any currency fluctuation risk and related financial impact
Credit risk (counterparty)	The risk of financial loss as a result of third parties' failure to meet their obligations as they fall due.	• Strong client on-boarding procedures • Daily transaction monitoring • *Dedicated credit risk monitoring for certain merchants or verticals* • Guarantees for targeted merchants or verticals
People risk	The risk that the Company fails to retain and develop its people. This could result in the loss of the dynamic, high-performing working environment that has been created.	• Meritocratic working environment where people are encouraged to take ownership and get rewarded for it • Dynamic corporate culture that focuses on personal growth and tailored career path • Alignment with industry best practices in terms of benefits and team building • Large and constantly growing People team relative to overall size of the Company
Data security and technology risk	The loss of confidential data or technological disruption caused by either internal or external factors. This could result in financial loss and/or reputational damage.	• PCI DSS Level 1 certified solution within the Group • Ongoing vulnerability monitoring • Business critical technology developed within The Group on an exclusive basis • Quarterly CRCC • Annual technology audit and risk assessments, monitoring, and penetration testing • Redundancy built at various levels of the platform to ensure de minimis risk of downtime or failure • Strong Disaster Recovery Plan and Business Continuity Plan in place
Legal, regulatory and compliance risk	The failure to fulfil the Company's compliance and regulatory obligations and have failings in our financial crime reporting/compliance processes. Failure to comply with regulations as and when they change.	• Voluntary annual Compliance audit by an independent 3rd party compliance auditor • Quarterly CRCC • Ongoing monitoring of the Company's compliance and regulatory position • Strong AML/CTF mitigation framework in place • Strong client on-boarding procedures • Client funds are held in safeguarded bank accounts
Brexit risk	The failure to adapt to the changing political and regulatory environment as a result of the Brexit vote.	• Second European EMI Licence obtained • Monthly Brexit committee formed to monitor and manage the changing environment.
COVID-19	The risk of merchant default through insolvency and the adapting of office closures.	• Full roll out of remote working procedures, implementation of a well-being program for all employees • Transactional risk monitoring has increased and detailed reviews of future services clients completed

Section 172 of the Companies Act 2006

Section 172 of the Companies Act 2006 requires a director of a company to act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so consider a range of factors set out in section 172(1)(a)-(f) in the Companies Act 2006. In reviewing our section 172 duty, we have considered each factor separately below.

Our clients

We have continued to enhance the range of payment options that we are able to offer our merchants. For our clients, the ability to offer all relevant payment methods to their customers, whilst utilising the Checkout.com unified API, reporting and real-time data streams continues to add significant value as they scale. Globally, we continue to witness payments as a fundamental driver of success for our enterprise merchants.

Employees

We continually look to invest in our biggest asset, our people, in an effort to hire and retain exceptional talent throughout the business via large teams and budget allocated to our recruitment efforts and employees' continuous learning and up-skilling.

We actively listen to our employees, via a monthly engagement survey which gives the executive team data on what's driving engagement and areas to work on to improve culture/performance.

This employer net promoter score (eNPS) is actively monitored by the executive team, as a fundamental driver of success for our enterprise merchants.

We communicate openly and frequently about the business objectives, its performance and future strategy, via monthly All Employee meetings. We also host quarterly Strategy Days with our Senior Management to provide even more in-depth information around business priorities and create a sense of alignment and accountability at all levels.

We actively support a variety of programs and initiatives around employees' mental health and wellbeing in a period of high growth and context of remote working, to foster psychological safety, reconnect people in time of loneliness and maintain a sense of belonging and social connection to drive engagement and productivity.

In addition to all of the above, we are committed to embedding Diversity and Inclusion across the business from hiring, on-boarding and policy to community building and product development. We understand that it is not one person's role to work on D&I and so we are educating our employees on what D&I means, and equipping them with the language to discuss and build an inclusive environment. We believe in equal opportunities and welcome applications from all members of society irrespective of age, sex, disability, sexual orientation, race, religion, or belief. We make recruiting decisions based on experience, skills and personality. We believe that employing a diverse workforce is the right thing to do and is central to our success. We have a zero-tolerance stance on any kind of discrimination and we ensure this is achieved via training and educating our employees as well as with policies and procedures: Code of conduct, a Dignity at Work one pager, a Whistleblower policy, a Disciplinary policy and a Grievance policy.

Partners and suppliers

We maintain the highest level of integrity in all business relationships and only engage with suppliers and partners that align with our values. We do this by undertaking a fair and transparent procurement process to identify the product or service that is in our customers' and our best interest.. In addition, we actively engage with the major card networks to offer new products to the market to improve the end customer experience.

The impact of the company's operations on the community and the environment

The Company is committed to the environment with a dedicated focus group concentrating on the enhancement and development of environmentally friendly practices.

Each employee is provided with paid leave to complete community or charitable projects either in their local or wider community. Whilst COVID-19 has increased the challenge of supporting our community in FY2020, the Company has continued its efforts through supporting programs such as Movember.

The desirability of the company maintaining a reputation for high standards of business conduct

We place great importance on compliance, integrity, and ethical behaviour. We ensure that we comply with all relevant regulations and require employees to undertake mandatory training at all levels and to confirm annually that all required units have been completed.

Likely consequence of any decision in the long term

All decisions taken by the executive team and the Board of Directors in the running of the business consider the various consequences to the stakeholder groups. This includes assessing the risks associated with each of the decisions and the interests that each stakeholder group holds.

The need to act fairly as between members of the company

The company is committed to acting fairly with all members.

Directors' report

The review of the results of the year, the review of business, operations, principal risks and outlook are included in the Strategic Report on pages 4 to 12.

The directors of the Company during the year were those listed on page 3.

The principal activity of Checkout Ltd, registration number 08037323, (herein known as the Company) is to act as the financial institution responsible for the acquiring and settlement of e-commerce transactions for the Group's European clients.

The Company is regulated as an Authorised Electronic Money Institution (e-money) under reference number 900816 by the UK Financial Conduct Authority (FCA) and benefits from principal memberships, or equivalent licensing arrangements, from all the global debit/credit card schemes:

- Visa
- MasterCard
- American Express
- Diners/Discover
- JCB
- UnionPay

The Company is also the financial intermediary for many of the leading alternative payment methods such as iDeal, Sofort, AliPay or TenPay. Among other auxiliary services, the Company provides advanced reconciliation and multi-currency remittances to its clients.

Going concern

On the basis of the directors assessment of the Company's financial position and of the enquiries made by the directors of Checkout Ltd, the directors have a reasonable expectation that the Company will be able to meet its obligations and liabilities as they fall due for at least 12 months from the approval of the financial statements and for the foreseeable future. Further information supporting the going concern basis may be found in note 2 to the financial statements.

Directors

The directors of the Company during the year and for the period up to the date of this report were:

- Guillaume Pousaz
- Thomas Hovaguimian (resigned 04/12/2020)
- Mike Benchimol (appointed 04/12/2020)

Dividends

In 2019, Checkout Ltd paid a dividend of $10m to Checkout Group Ltd, the previous holding company prior to Checkout Payments Group Limited becoming the parent entity.

Political donations

The Company made no political donations during the year (2018: $nil).

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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 enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Guillaume Pousaz
CEO & Founder

24 December, 2020

Approved by the Board and signed on behalf of the Board

Independent auditor's report to the members of Checkout Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Checkout Ltd 's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which 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.

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.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic report and Directors' report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Mark Jordan
Senior Statutory Auditor

For and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants
and Statutory Auditors

London

24 December 2020

Financial statements

For the year ended December 31, 2019

Income statement

(US Dollars $'000)	Notes	2019	2018
Revenue	3	146,384	74,826
Cost of sales		(91,738)	(38,862)
Gross profit		**54,646**	**35,964**
General and administrative expenses	5	(67,718)	(33,578)
Other operating income		3,286	413
(Loss)/profit from operating activities		**(9,786)**	**2,799**
Finance income	7	221	72
Finance costs	7	(70)	-
Net finance income		**151**	**72**
(Loss)/profit before income tax		(9,635)	2,871
Income tax expense	8	(108)	(510)
Net (loss)/profit for the financial year		**(9,743)**	**2,361**

The notes on pages 22 to 42 form an integral part of these financial statements.

Statement of comprehensive income

(US Dollars $'000)	Notes	2019	2018
Net (loss)/Profit for the financial year		**(9,743)**	**2,361**
Other comprehensive income for the financial year (net of tax)		-	-
Total comprehensive income for the financial year		**(9,743)**	**2,361**

The notes on pages 22 to 42 form an integral part of these financial statements.

Statement of financial position

(US Dollars $'000)	Notes	31 December 2019	31 December 2018
Assets			***Re-presented**
Non-current assets			
Property, plant and equipment	10	2,091	1,629
Intangible assets	11	4,620	1,129
Right of use asset	18	351	-
Investment in subsidiaries	9	2	-
Long-term loan	20	303	335
Total non-current assets		**7,367**	**3,093**
Current assets			
Scheme debtors	20	74,083	36,297
Trade and other receivables	12	21,645	17,128
Current tax assets	8	85	322
Deferred tax asset	8	974	-
Cash and cash equivalents	14	51,117	59,921
Total current assets		**147,904**	**113,668**
Total assets		**155,271**	**116,761**
Liabilities			
Current liabilities			
Trade and other payables	13	(29,505)	(17,359)
Merchant creditors	20	(116,476)	(82,514)
Total current liabilities		**(145,981)**	**(99,873)**
Total liabilities		**(145,981)**	**(99,873)**
Net assets		**9,290**	**16,888**
Equity			
Called up share capital	15	837	837
Retained earnings		8,453	16,051
Total equity		**9,290**	**16,888**

The notes on pages 22 to 42 form an integral part of these financial statements.
The financial statements were approved by the Board of Directors on 24 December 2020, and were signed on its behalf by:
Company Number 08037323

Guillaume Pousaz
CEO & Founder

*See note 14 for details of the re-presentment

Statement of changes in equity

2019

(US Dollars $'000)	Called up share capital	Retained earnings	Total equity
Balance at 1 January	837	16,051	16,888
Loss for the year	-	(9,743)	(9,743)
Other comprehensive income	-	-	-
Capital contributed by Parent	-	12,145	12,145
Total comprehensive income	-	**2,402**	**2,402**
Transactions with owners:			
Dividends paid	-	(10,000)	(10,000)
Balance at 31 December	**837**	**8,453**	**9,290**

2018

(US Dollars $'000)	Called up share capital	Retained earnings	Total equity
Balance at 1 January	837	13,690	14,527
Profit for the year	-	2,361	2,361
Other comprehensive income	-	-	-
Total comprehensive income	-	**2,361**	**2,361**
Transactions with owners:			
Dividends paid	-	-	-
Balance at 31 December	**837**	**16,051**	**16,888**

The notes on page 22 to 42 form an integral part of these financial statements.

Statement of cash flows

	Notes	2019	2018
			*Re-presented
Cash flows from operating activities			
(Loss)/profit for the year before tax		(9,635)	2,871
Adjustments for:			
Depreciation of property plant and equipment	10	1,265	757
Depreciation of right of use asset	18	1,054	-
Amortisation of intangible assets	11	793	140
Loss on disposal of property, plant and equipment	10	7	342
Non-cash employee benefits expense - share based payments	17	12,145	-
Finance expense	7	70	-
Finance income	7	(221)	(72)
		5,478	**4,038**
Changes in working capital			
Increase in receivables	12	(4,484)	(7,340)
Increase in payables	13	45,687	28,221
Increase in scheme debtors	14	(37,786)	(9,446)
Cash generated from operating activities		**8,895**	**15,473**
Income taxes paid		(847)	(2,069)
Net cash inflow from operating activities		**8,048**	13,404
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(1,734)	(2,078)
Purchase of intangible assets	11	(4,284)	(1,269)
Issuance of intercompany debt		-	(335)
Investment in subsidiaries	9	(2)	-
Net cash outflow from investing activities		**(6,020)**	**(3,682)**
Cash flows from financing activities			
Interest received	7	221	72
Interest paid	7	(70)	-
Payment of lease liabilities		(983)	-
Dividends paid	16	(10,000)	-
Net cash (outflow)/inflow from financing activities		**(10,832)**	**72**
Net (decrease)/*increase in cash and cash equivalents*		(8,804)	9,794
Cash and cash equivalents at the beginning of year		59,921	50,127
Cash and cash equivalents at end of year		**51,117**	**59,921**

*See note 14 for details of the re-presentment

Notes to the financial statements

For the year ended December 31, 2019

Note 1 – General information

These Financial Statements present the operations and financial position of Checkout Ltd (hereinafter referred to as 'the Company'). The Company is a private limited Company incorporated and domiciled in the United Kingdom under the Companies Act 2006 (registration number 08037323).

The address of the registered office is 54 Portland Place, London, W1B 1DY. The Company is regulated as an Electronic Money Institution under reference number 900816 by the UK Financial Conduct Authority (FCA) and benefits from principal memberships, or equivalent licensing arrangements, from all the global debit/credit card schemes: Visa, MasterCard, American Express, Diners/Discover, JCB and UnionPay.

Checkout Ltd is a subsidiary of Checkout Payments Group Limited.

During the year Checkout Payments Group Limited, a Company incorporated in Jersey, became the ultimate Parent Company of Checkout Ltd. Prior to this, Checkout Ltd was a subsidiary of Checkout Group Ltd, another entity in the Group. The wider Group provides payment services worldwide.

The Company has taken the exemption from preparing consolidated accounts on the grounds of materiality.

Note 2 – Significant accounting policies

a) Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and International Financial Reporting Standards Interpretations Committee ('IFRS IC') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs.

The financial statements are presented in US dollars. Unless otherwise indicated, all amounts are rounded to the nearest thousand US dollars. The financial statements are prepared on a going concern basis under the historical cost convention, except for certain financial instruments that have been measured at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the financial statements within note 2.

i. Re-presentation

In a purely presentational change to the statement of financial position and to the statement of cash flow, the Company has split out merchant funds received not yet paid to merchants from debtors to cash. This presentational adjustment is to recognise that merchant funds represent safeguarded cash.

ii. Going concern

The Company made a loss before tax of $9.6m in 2019 (2018: $2.9m, profit) and has net assets of $9.3m (2018: $16.9m). This is as a result of the non-cash share option charge of $12.1m. When adjusting for this non-cash charge, the Company returned a profit of $2.5m.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue to meet its obligations and liabilities as they fall due for at least 12 months from the approval of the financial statements and for the foreseeable future. As such, they continue to adopt the going concern basis in preparing these financial statements.

b) Amendments to published standards.

i. New standards, amendments and interpretations

IFRS 16

The Company has adopted IFRS 16 Leases from 1 January 2019 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in IFRS 16, the Company has chosen to apply the Standard only from the date of initial application under the modified approach, and therefore prior year comparatives will not be adjusted.

Right-of-use assets

The Company recognises a right-of-use asset at the lease commencement date. The right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and is adjusted for any re-measurement of the lease liability. The cost of the right-of-use asset includes the amount of the lease liability recognised, initial direct costs incurred, costs of removal and restoration, and lease payments made at or before the commencement date less any lease incentives received.
Right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use assets are subject to impairment. Depreciation and impairment losses are charged to administrative expenses in the income statement.

Lease liabilities

At the lease commencement date, the Company recognises a lease liability measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date, unless the interest rate implicit in the lease is readily determinable. After the commencement date, the lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification to the term of the lease or a change in the fixed payments.

Lease term

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

c) Revenue

Revenue represents the consideration received or receivable from the merchants for services provided. Key revenue streams that the Company reports are:

i. Transaction services
Transaction service charges relate to services provided to process transaction between the customer and an acquiring bank, which is a bank that accepts card payments from the card-issuing banks. Revenue is recognised on every successfully processed transaction in line with the contractual terms.

ii. Treasury management
Revenue from treasury management is generated from settling foreign currency transactions. Revenue is recognised when the Company's obligation in relation to the transaction is fulfilled.

d) Cost of sales

Cost of sales consist of the following key components:

i. Scheme fees
Scheme fees represent amounts charged by card networks to provide the functionality necessary to allow the processing of the transactions.

ii. Interchange fees
Interchange fees represent fees paid to the cardholders' banks for the acceptance of card based transactions.

e) Shared based payments
Where the issuance of the option to purchase shares are awarded to employees, the fair value of the options at the date of grant is charged to income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, the cumulative amount recognised in the income statement over the vesting period is based on the number of options that eventually vest.

In addition, non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive income over the remaining vesting period.

f) Finance income and costs
Finance income comprises interest receivable on cash at bank. Interest income is recognised within the statement of comprehensive income as it accrues. Finance costs comprises amounts payable on borrowings. Finance costs are recognised using the effective interest rate method.

g) Pensions

The Company operates a defined contribution scheme. Pension contributions are charged to the statement of comprehensive income in the period that the liability for paying the contributions arises.

h) Other operating income

Other operating income is recognised in the income statement in the period that it is earned (on an accruals basis).

i) Income taxation

Income tax is recognised in the income statement except to the extent that it relates to a business combination or to items recognised directly in 'Equity' or in 'Other comprehensive income', in which case it is also recognised respectively in 'Equity' or 'Other comprehensive income'.

i. Current taxation
Current tax is provided at the expected tax payable on taxable income for the financial year, using tax rates enacted or substantively enacted at the reporting date; any adjustment to the amount of current tax payable in respect of previous periods and all other taxes calculated on a net amount of revenue and expenses.

ii. Deferred taxation

Deferred tax 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 will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exception:

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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

j) Property, plant and equipment

Property, plant and equipment are recognised at cost and subsequently measured at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful economic life of that asset as follows:

Computer equipment – three years.
Furniture & fittings – shorter of lease or four years.

The asset's residual value and useful life is reviewed, and adjusted if appropriate at the end of each financial year. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds less any associated costs of disposal with the asset's carrying amount and are recognised within operating profit. These are included in the income statement.

k) Intangible assets

The Company applied IAS 38: Intangible Assets to the capitalisation of certain expenditure relating to technology development costs.

Technology costs are capitalised as intangible assets if it is probable that the asset created will generate future economic benefits and in compliance with the terms set out in IAS38. Technology costs are recognised in the Statement of Financial Position as non-current assets and amortised using the straight line method over their estimate useful lives from the date the technology becomes operational. The carrying values of intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually. Where the carrying amount is not recoverable the asset is written down immediately to the estimated recoverable amount, based on value use calculations. Amortisation on Technology Costs is included in the Operating Costs in the income statement over the estimated useful life of 3-4 years. The amortisation periods used are reviewed annually.

l) Investment in subsidiaries

Investments in subsidiaries are held at historical cost less impairment. The Company assess impairment annually or as and when there are any indicators of impairment.

m) Cash and cash equivalents

Cash is represented as cash in hand with financial institutions. Clients' funds are held in segregated bank accounts as part of the Companies safeguarding policy.

n) Scheme debtors and merchant creditors

Merchant creditors represents processed transactions that are yet to be paid to merchants. These are recognised at fair value and subsequently measured at amortised cost. Scheme debtors represent funds that have been processed but are yet to be received from the schemes.

o) Financial instruments

i. Financial assets
The Company determines the classification of its financial assets at initial recognition. Trade receivables are amounts due from customers for services performed in the ordinary course of business. Scheme debtors are amounts due but not yet received from schemes.

These are all recognised initially at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, however given the nature of the assets there is no difference between the fair value and amortised cost.

Financial assets are derecognised only when the contractual rights to the cash flows are fulfilled.

IFRS 9 establishes a new model for recognition and measurement of impairments in loans and receivables that are measured at Amortised Cost or FVOCI— the "expected credit losses" model.

Where appropriate, the Company has calculated expected credit losses based on the relevant approach applicable to each class of asset and provided for accordingly.

Cash and bank balances in the Company's Statement of Financial Position are also classified as a financial asset and comprise cash in hand and at bank.

ii. Financial liabilities

Financial liabilities are categorised IFRS 9 as financial liabilities at fair value through profit or loss.

Financial liabilities included within trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

p) Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial lability.

The Company's ordinary shares are classified as equity instruments.

q) Dividends

Dividends are recognised when they become legally payable. This is when declared by directors and approved at the relevant board meeting.

r) Foreign currencies

The Company's financial statements are presented in US dollars which is also the Company's functional currency. Transactions in foreign currencies are recorded at the rates of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the rates of exchange prevailing at that date. Differences arising on settlement on translation of monetary items are recognised in the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the earlier of the date of initial transaction or at the date of conversion to USD functional currency.

s) Judgement and estimates

The Company makes judgements and assumptions concerning the future that impact the application of policies and reported amounts.

The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events.

The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recogised in the financial statements are discussed below.

i) Income taxes

The Company recognises expected liabilities for tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items.

Where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the period when such determination is made.

Details of the tax charge are set out in note eight.

ii) Valuation of share based payments

Estimating the fair value for share based payment transactions requires determination of the most appropriate valuation method, which depends on the terms and conditions of the award.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and the dividend yield and making assumptions about them. The Company uses a Black-Scholes option pricing model for the employee share scheme. The Company has assumed an attrition rate between 0-20%. The assumptions for estimating the fair value for share based payment transactions are disclosed in note 17.

iii) Classification of scheme debtors, restricted cash and merchant creditors.

The Company recognises scheme debtors, restricted cash and merchant creditors on the balance sheet. This judgement is due to these items meeting the definition of assets and liabilities.

Notes to the financial statements

For the year ended December 31, 2019

Note 3 - Revenue

(US Dollars $'000)	2019	2018
Revenue generated in the UK	66,869	42,919
Revenue generated in the EU	79,515	31,907
Total revenue	**146,384**	**74,826**

Note 4 – Auditors' remuneration

(US Dollars $'000)	2019	2018
Fees payable to the Companies auditors for the audit of the Companies annual report and accounts	153	67
Fees payable to the Companies auditors and its associates for tax services	106	83
Total	**259**	**150**

Note 5 – Operating (loss)/profit

The operating (loss)/profit is calculated after charging:

(US Dollars $'000)	2019	2018
Wages and salaries, including bonus and termination benefits	22,340	12,922
Depreciation of property, plant and equipment	2,319	757
Amortisation of intangible assets	793	140
Property costs	1,321	2,082
Expected credit loss	576	487
Share-based payment	12,145	-

All other expenses are incurred in the ordinary course of business.

Note 6 – Personnel expenses

(US Dollars $'000)	2019	2018
Employee costs for the Company during the year amounted to (including directors):		
Wages and salaries	19,601	11,651
Social security costs	2,379	1,115
Other pension costs	360	156
Share-based payments	12,145	-
Total	**34,485**	**12,922**
The average number of employees, including Directors, during the year was:		
Corporate	53	36
Operations	38	6
Sales	19	12
Technology engineering	117	66
Total	**227**	**120**
Key management compensation (including Directors' remuneration)* Key management are those persons having authority and responsibility for planning, directing and controlling the activities of the Company (including directors).		
Short-term employee benefits	1,726	1,332
Post-employment benefits	26	15
Share-based payments	10,407	-
Total	**12,159**	**1,347**
***One director is paid through another Group company.**		
Highest paid Director		
Short-term employee benefits	311	286
Post-employment benefits	2	1
Share-based payments	7,455	-
Total	**7,768**	**287**

Note 7 – Finance income

(US Dollars $'000)	2019	2018
Interest on bank deposits and other finance income	221	72
Interest Expense	(70)	-
Net Finance Income	**151**	**72**

Note 8 – Income tax expense

Tax on the profit or loss for the year comprises current and deferred tax. Current tax, including all applicable UK taxes, is the expected tax payable on the taxable income for the year, using tax rates and bases of calculation which have been enacted or substantively enacted in the applicable jurisdiction for the current accounting period, together with any necessary adjustments to tax payable in respect of previous accounting periods.

Current tax is recognised in the income statement unless it arises from a transaction recognised directly in equity, in which case the associated tax is also recognised directly in equity. Relief for foreign taxation in calculating UK taxation liabilities is taken into account where appropriate.

(US Dollars $'000)	2019	2018
Current taxation		
UK corporation tax charge for the financial year	108	510
	108	**510**

The Company is exposed to UK tax. The actual tax charge differs from the expected tax charge computed by applying the average UK corporation tax of 19% (2018: 19%) as follows:

(US Dollars $'000)	2019	2018
Tax on (loss)/profit at standard UK tax rate of 19.00% (2018: 19.00%)	(1,830)	545
Effects of:		
Adjustments in respect of prior years	307	-
Expenses not deductible	2,389	-
Tax rate changes	115	-
Amounts not recognised	(108)	-
Share-based payment charge	(765)	-
Capital allowances in excess of depreciation	-	(35)
Tax charge for the period	**108**	**510**

Current tax (assets)/liabilities

(US Dollars $'000)	2019	2018
Current tax:		
Corporation tax	85	-
Total current tax	**85**	**(322)**

Deferred tax (assets)/liabilities

(US Dollars $'000)	2019	2018
Deferred tax:		
Deferred tax charge to I/S for the period	(974)	-
Total deferred tax	**(974)**	-

The company recognises deferred tax assets in respect of:

(US Dollars $'000)	2019	2018
Fixed assets	(39)	-
Temporary differences trading	(250)	-
Share option	(685)	-
Total	**(974)**	-

Note 9 – Investment in Subsidiaries

Name	Place of business	% Ownership	Nature of relationship	Carrying value 2019	Carrying value 2018
Checkout do Brasil LTDA.	Brazil	1.1%	Investment	2	0

Branches
Checkout Ltd conducts business through a branch in Portugal.
• Checkout Ltd – Sucursal em Portugal. Registered address – Avenida António Augusto de Aguiar, Nº 19, 4º andar, Sala B, 1050-012 Lisboa

Note 10 – Property, plant and equipment

(US Dollars $'000)	2019 Furniture and fittings	2019 Computer equipment	2019 Total	2018 Furniture and fittings	2018 Computer equipment	2018 Total
Cost						
Balance at 1 January	1,790	664	2,454	552	354	906
Additions	817	917	1,734	1,761	317	2,078
Disposals	-	(20)	(20)	(523)	(7)	(530)
Balance at 31 December	2,607	1,561	4,168	**1,790**	**664**	**2,454**
Accumulated depreciation						
Balance at 1 January	545	280	825	120	135	255
Charge for the year	946	319	1,265	609	148	757
Disposals	-	(13)	(13)	(184)	(3)	(187)
Balance at 31 December	**1,491**	**586**	**2,077**	**545**	**280**	**825**
Net book value at 31 December 2019	**1,116**	**975**	**2,091**	**1,245**	**384**	**1,629**
Net book value at 31 December 2018	**1,245**	**384**	**1,629**	**432**	**219**	**651**

Note 11 – Intangible assets

(US Dollars $'000)	2019 Technology costs	2019 Total	2018 Technology costs	2018 Total
Cost				
Balance as at 1 January	1,269	1,269	-	-
Additions	4,284	4,284	1,269	1,269
Disposals	-	-	-	-
Balance as at 31 December	**5,553**	**5,553**	**1,269**	**1,269**
Accumulated amortisation				
Balance as at 1 January	140	140	-	-
Charge for the year	793	793	140	140
Disposals	-	-	-	-
At 31 December	**933**	**933**	**140**	**140**
Net book value at 31 December 2019	**4,620**	**4,620**	-	-
Net book value at 31 December 2018	**1,129**	**1,129**	**1,129**	**1,129**

Note 12 – Trade and other receivables

(US Dollars $'000)	2019	2018
Trade receivables	1,191	1,416
Prepayments and accrued income	3,295	1,748
Intercompany receivables (note 19)	7,921	6,368
Other receivables	9,238	7,596
Total	**21,645**	**17,128**

Terms of intercompany balances are disclosed in note 19

(US Dollars $'000)	2019	2018
Non-current		
Intercompany loan	303	335
Total	**303**	**335**

This long term loan is an intercompany loan issued to Checkout Australia Pty Ltd. This represents 2 loans each redeemable 3 years from the date of issuance with interest accruing at LIBOR +5%. These loans are unsecured.

Note 13 – Trade and other payables

(US Dollars $'000)	2019	2018
Trade payables	4,710	1,991
Social security and other taxes	945	437
Intercompany payables (note 19)	18,140	11,989
Other payables	1,357	1,396
Accruals	4,353	1,546
Total	**29,505**	**17,359**

Terms of intercompany balances are disclosed in note 19

Note 14 – Cash and cash equivalents

(US Dollars $'000)	2019	2018
Cash and cash equivalents	8,724	13,704
Client funds' accounts	42,393	46,217
Total	**51,117**	**59,921**

In a purely presentational change to the Statement of Financial position and Statement of Cashflows, the company has split out merchant funds received not yet remitted to merchants and attributed to cash at bank. This presentational adjustment is to recognise that these funds are cash, and are restricted for the Company's use as segregated funds.
No changes to equity have been made to the results reported for the year ended 31 December 2018 as a result of this presentational change.

Note 15 – Called up share capital

(US Dollars $'000)	2019	2018
Issued, authorised and fully paid ('000)	710	710
Ordinary Shares of £0.80 each (US Dollars '000)	837	837

The historical exchange rate used to convert the share capital is £1:$1.6 (2018: £1:$1.6)
Subsequent to year end, a further 9,308,563 ordinary shares were issues to the parent company at par. The shares were paid in cash consideration of $10,000,003.06

Note 16 – Dividends

(US Dollars $'000)	2019	2018
Dividends declared and paid during the year $14.1 per share (2018: $0 per share)	10,000	-

Note 17 – Employee Share Option Plan

During the year, employees of the Company benefited from participating in an Employee Share Option Plan ("ESOP") put in place by CPGL, the immediate parent company. The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share based remuneration schemes operated by the Group. These options vest monthly following a 12 month cliff with the accounting according to the amortisation period of each award.

The shares are held by Checkout Employment Trust Ltd

	Year ended 31 December 2019
Option pricing model used	Black-Scholes model
Share price at the grant date	$14.56
Vesting period	5 years
Fair value per award at the grant date	$0 – $14.56
Exercise price	$0 – $14.56
Expiry date	June 2024
Grant date	August 2019

Options granted during the year

Balance at 1 Januay 2019	-
Granted during the year	4,030
Options exercised during the year	-
Operations cancelled during the year	-
Balance at 31 December 2019	4,030

The total expense recognised within administrative expenses (note 5) is$12,145,000 (2018: $nil)

Weighted average exercise price

Balance at 1 Januay 2019	-
Exercised	-
Forfeited	-
Balance at 31 December 2019	-

The weighted average remaining contractual life of the plan is 4.42 years (4,030,243 options)

The weighted average exercise price at grant was $1.73

Options Granted in the year to 31 December 2019

Market value at grant date	$14.56
Volatility rate	30%
Dividend yield	-
Risk free rate	2%

Volatility was determined by reviewing peer companies.

Note 18 – Leases

Property, plant and equipment comprise owned and leased assets that do not meet the definition of investment property.

(US Dollars $'000)	Lands and buildings
2019	
Balance at 31 December 2018	-
Effect of changes in accounting policies	1,405
Balance at 1 January 2019	1,405
Interest expense	-
New leases	-
Disposals	-
Cash payments	-
Depreciation charge for the year	(1,054)
Exchange and other movements	-
Balance at 31 December 2019	**351**
Maturity analysis – contractual undiscounted cash flows	
Less than one year	422
One to five years	-
More than five years	-
Total undiscounted lease liabilities at 31 December	**422**
Lease liabilities included in the statement of financial position at 31 December	
Current	422
Non-current	-
Amounts recognised in profit or loss	
Interest on lease liabilities	(69)
Expenses relating to short-term leases	-
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-
Amounts recognised in the statement of cash flows	
Total cash outflow for leases	**(1,052)**

Note 19 – Related party transactions

Balances with Group companies as at 31 December 2019 and 31 December 2018.

(US Dollars $'000)	2019	2018
Amounts due from related parties (current)		
Checkout Payment (Mauritius) Ltd	2,181	2,137
Checkout Group Ltd	19	19
Checkout Australia Pty Ltd	592	-
Checkout LLC	1,445	2,702
Checkout GmbH	111	58
Checkout MENA FZ LLC	-	1,111
CKO Technology Services Ltd	550	-
Checkout APAC Pte Ltd	118	-
Checkout Ltd Hong Kong	2,184	-
Checkout SAS	667	-
Checkout Limited	-	341
Checkout Ltd Sucursal Portugal	48	-
Checkout KSA Comms and IT Co.	6	-
Total	**7,921**	**6,368**

(US Dollars $'000)	2019	2018
Amounts due to related parties (current)		
Checkout Technology Ltd	6	6,685
CKO Technology Services Ltd	-	986
Checkout APAC Pte Ltd	-	676
Checkout Support Services Ltd	177	716
Checkout MENA-FZ LLC	7,897	2,382
Checkout Australia Pty Ltd	-	63
Checkout LLC	-	481
Checkout Payments Group Ltd	10,058	-
Checkout Brazil	2	-
Total	**18,140**	**11,989**

(US Dollars $'000)

Revenue and cost of services	2019	2018
Revenue generated from the provision of services to related parties		
Checkout MENA FZ-LLC	3,137	-
Other	134	-
Total	**3,270**	-
Cost of services obtained from related parties		
Checkout LLC	4,104	-
Checkout SAS	2,301	-
Other	4,893	5,051
Total	**11,298**	**5,051**
Current receivables and payables arising in the year		
Current receivables		
Checkout Technology Ltd	6,571	348
Checkout Support Services Ltd	2,682	53
Checkout MENA FZ-LLC	6,930	1,532
Checkout LLC	3,328	2,588
Checkout Limited	2,008	340
Checkout SAS	3,088	-
Other	7,027	2,711
Total	**31,635**	**7,570**
Current payables		
Checkout Support Services Ltd	2,143	246
Checkout MENA FZ-LLC	13,556	-
Checkout LLC	4,105	488
Checkout SAS	2,421	-
Checkout Payments Group Ltd	11,000	-
Other	2,886	9,521
Total	**36,111**	**9,763**
Loans to related parties		
Loans paid to related parties	-	335
Interest received on loans	124	80
Total	**124**	**255**

Dividends paid to related parties

Dividend paid to Parent company	10,000

Transactions with related parties of the Company are detailed below:

Management services provided by the Company and received from subsidiary undertakings were made on normal commercial terms and conditions are at market rates.

This long term loan is an intercompany loan is issued to Checkout Australia Pty Ltd. This represents 2 loans each redeemable 3 years from the date of issuance with interest accruing at LIBOR + 5%. These loans are unsecured.

In addition, there are RCF's with Checkout LLC and Checkout Ltd Hong Kong. These are both repayable on demand with interest accruing at LIBOR +5%.

Note 20 – Financial Instruments

The principal financial instruments used by the Company, from which financial instrument risks arise are as follows:

i. Trade and other receivables
ii. Cash and cash equivalents
iii. Trade and other payables

(US Dollars $'000)	2019	2018
Financial Assets		Re-presented
Cash and cash equivalents*	51,117	59,921
Trade and other receivables	18,349	15,380
Scheme debtors	74,083	36,297
Long-term loan	303	355
Total	**143,852**	**111,953**

*$44,911.000is held as restricted cash (2018: $48,817,000).

(US Dollars $'000)	2019	2018
Financial Liabilities		
Trade and other payables	25,152	15,813
Merchant creditors	116,476	82,514
Total	**141,628**	**98,327**

The Company considers that the carrying value of the above financial assets and financial liabilities, which are carried at amortised cost, to be equal to the fair value due to their short-term nature.

Note 21 – Financial risk management

The Company activities expose it to liquidity risk, market risk and credit risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company objectives, policies and processes for managing those risks and the methods used to measure them.

a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk arises from the Company's management of working capital and finance charges.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions. The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities.

(US Dollars $'000)	2019	2018
Financial Liabilities - due within one year		
Trade payables	4,711	1,991
Other payables	1,358	1,396
Merchant creditors	116,476	82,514
Total	**122,545**	**85,901**

b) Market risk

i. Price risk

The Company does not hold any financial instruments, which are subject to price risk.

ii. Currency risk

The Company's merchants process payments in multiple currencies and therefore is exposed to currency risk. The Company has material exposure to the following currencies – other currencies are not considered to be individually material:

Currency Risk	2019		2018	
(US Dollars $'000)	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
			Re-presented	
GBP	36,269	52,138	29,515	33,597
USD	57,884	37,821	39,213	30,282
AED	157	331	213	2,086
EUR	14,502	35,450	20,822	22,737
JPY	8,298	8,506	5,378	6,710
Other	26,742	7,382	16,812	2,971

Currency risk is managed at a Company level and is focused on Company's assets and liabilities. Scheme receipts and merchant payments generally match currency which mitigates the Company's currency risk. Where there is a difference in settlement currency, the time between receipt and settlement limits the currency risk to the Company. The foreign exchange rates used by the Group at the year- end are as follows:

	2019		2018	
	Average	Reporting date	Average	Reporting date
GBP	0.7831	0.7626	0.7490	0.7881
EUR	0.8929	0.8927	0.8465	0.8738
AED	3.6731	3.6732	3.6738	3.6724

iii. Interest rate risk

The Company's main interest rate risk arises from its holdings of cash. There is no interest rate risk exposure on financial liabilities as the Company has no external borrowings at the statement of financial position date.

Interest rate risk is the risk of increased costs or lower income arising from unexpected movements in interest rates and inflation rates impacting on the Company's cash balances. The Company does not hold any long-term debt.

iv. Capital risk management

The Company defines capital as total equity plus net debt which the Directors review on an ongoing basis. The Company's capital objective is to maintain a strong and efficient capital base to support the Company's strategic objectives, provide optimal returns for shareholders and safeguard the Company's status as a going concern. The Directors will only declare dividends to the extent that the Company can maintain its capital objective.

The Company also monitors regulatory capital requirements to ensure compliance with FCA guidance.

There has been no change to capital risk management policies during the year.

c) Credit risk

Credit risk arises from the failure of merchants, partner banks or alternative payment providers to meet their obligations in accordance with the agreed terms. The Company does not believe it has a material credit risk in relation to amounts owed to us by the card networks as our contracts state we are only liable to settle to merchants on our receipt of those funds.

The Company has assessed the expected credit loss and has determined that this balance is immaterial.

All cash is held at banks with at least a Baa2 credit rating (investment grade). The Group regularly monitors and assesses counterparty risk.

Note 22 - Ultimate controlling party

Checkout Payments Group Ltd, a company incorporated in Jersey, acquired the shares of the Company from Checkout Group Ltd.

Guillaume Pousaz continues to be considered the ultimate controlling party by virtue of being the majority shareholder of Checkout Payments Group Ltd.

Note 23 - Post balance sheet events

The following events have taken place subsequent to the year end:

- Subsequent to year end, a further 9,308,563 ordinary shares were issues to the parent company at par. The shares were paid in cash consideration of $10,000,003.06
- Subsequent to the year end, the Company moved into its new premises on a 10 year lease with undiscounted cash flow of £35,076,582.75
- Following the Covid-19 outbreak, the Company has transitioned successfully to fully remote working with no disruption to our merchants.

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