

Company Registration No. 07934072 (England and Wales)

CREDITCALL HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019

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CREDITCALL HOLDINGS LIMITED

COMPANY INFORMATION

Directors	J Chen K Pexton V Sondhi
Secretary	K Pexton
Company number	07934072
Registered office	Merchants House North Wapping Road Bristol BS1 4RW
Auditor	RSM UK Audit LLP Chartered Accountants Hartwell House 55-61 Victoria Street Bristol BS1 6AD
Bankers	Barclays Bank 15 Queen Square Bristol BS1 4NP
Solicitors	Ashfords Tower Wharf Cheese Lane Bristol BS2 0JJ

CREDITCALL HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Fair review of the business

Network Merchants Holdings Inc completed its acquisition of Creditcall on 2 March 2018. Together, the combined group is a leader in omnichannel payments technology, bringing together Creditcall Holdings group card-present acumen and NMI's card-not-present expertise.

NMI's acquisition of Creditcall Holdings Limited strategically aligns with the group's objective to deliver a unified payment solution to ISOs, ISVs and VARs servicing merchants in omnichannel environments.

In 2017, debit card payments overtook cash as the most frequent payment methodology in the UK, and cash payments are expected to continue their long-term decline at an increased speed. Creditcall Holdings group has been at the forefront of the technical innovations enabling and driving this migration of payment methods, and is well-placed to power the next era of payments as merchants and consumers look for a simplified, secure and holistic card payment solution in an increasingly complex environment.

The focus for 2019 has been to leverage Creditcall's (Creditcall Limited has been renamed to Network Merchants Limited) and NMI's respective areas of expertise to create a single payment platform that unifies every point of engagement between a merchant and their customer as well as to continue to develop the capacity and capabilities of the processing platform and to accelerate the growth for the gateway services business.

In 2019, 496 million transactions were processed on the Creditcall platform. An increase of 34% over the previous twelve-month period. Creditcall has maintained its industry leading reliability with a gateway availability of more than 99.996%. This is the tenth consecutive year that this benchmark has been exceeded.

The upgrades to the gateway infrastructure have continued. The combination of industry-mandated increasing levels of security combined with cost reducing the infrastructure using the latest virtualisation techniques has provided Creditcall with one of the most technically-advanced gateways in the world. This will allow us to at least triple transaction volumes with minimal or no requirement to upgrade our infrastructure.

Principal risks and uncertainties

The principal risks within the group relate to credit risk and business continuity.

The senior management recognise this and wherever possible a payment in advance model is adopted. Where customers are post billed this is monitored and services may be suspended where payment is overdue. This encourages payment within terms. Credit checks are executed on all new customers and business partners where felt necessary. The majority of UK customers onboarded in the last 3 years pay via direct debit in accordance with contract.

The senior management recognises that a major outage on its processing payment platform could disrupt income flow and continuity of service to customers. To mitigate this risk the group operates four processing nodes. One is sited in the UK, one in the Netherlands and two in North America with each node replicating the data from all the other nodes in real time. Each location has independent power services and fully diverse communications routings. Any one node has sufficient capacity to absorb the traffic from the other three nodes.

We acknowledge the uncertainties inherent in forecasting future sales growth, and the risk remains that such growth targets are not achieved, which could impact on the group's ability to meet its future obligations and could impact the carrying value of some of the group's assets. This risk is managed by the regular review and update of sales forecasts and managing the group's cost base required to service its revenue streams.

The consolidated operating profit for the twelve-month period was £2,711,748. The profit for the period after taxation was £1,116,592. It should be noted that this is after £542,496 in amortisation of goodwill and £964,274 in interest payments.

CREDITCALL HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

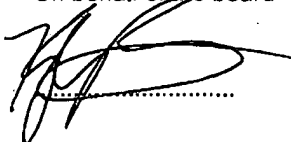
COVID-19 pandemic

At the time of approval of these financial statements the recent outbreak and escalation of COVID-19 has given rise to additional risk and uncertainty. The directors have considered these risks and taken steps and actions they consider appropriate to minimise the associated impact. The group has been able to continue servicing its customers remotely during the course of the pandemic but has experienced some downturn in transactional revenues as customers have experienced reduced levels of activity. The group has strong recurring revenue streams and, consequently has continued to generate a positive EBITDA during 2020, although at a lower level than that achieved in 2019. The group has not utilised government reliefs offered in response to COVID-19 such as job retention schemes or VAT deferrals as the group has continued to hold substantial cash balances.

Future developments

Senior management of the group is focused on accelerating growth through technological innovation in the areas of unattended payments, transit, and unified card present and e-commerce transactions. The world of payments is an ever-evolving space. NMI/Creditcall is very well positioned to expand its growth both in the UK/EU, as well as in the US marketplaces.

On behalf of the board



Date: 12/22/2020
Date:

CREDITCALL HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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

Principal activities

The principal activity of the company during the period continued to be that of a holding company. The principal activities of the group during the period continued to be:

- payment service provision for multi-channel payment acceptance via a proprietary platform with particular strengths in unattended terminals and cardholder not present situations. This activity has formed the core of Creditcall's activities for the past ten years.
- the creation and sale of world-leading EMV Kernel solutions.

These financial statements cover the year to 31 December 2019. The comparative period is for the ten-month period 2 March 2018 to 31 December 2018. The comparative amounts presented in these financial statements (including the related notes) are therefore not directly comparable to the amounts presented for the current period.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Chen
K Pexton
V Sondhi

Results and dividends

The results for the year are set out on page 8. No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Financial risk management

The group undertakes a variety of transactions in overseas currencies, and seeks to mitigate the financial risk of such transactions by operating bank accounts in these overseas currencies. However, the group remains partly exposed to adverse exchange rate fluctuations.

Cash flow and liquidity risk are significant. The directors prepare detailed cash flow forecasts which indicate the future debt facilities required by the group to fund its continued investment. Appropriate steps are taken to ensure that suitable facilities are agreed ahead of when they are forecast to be required.

Research and development

The group continues to undertake the development of new payment solutions for its current and future customers. Any research and development expenditure is written off as incurred, but tax credits are claimed in respect of eligible expenditure. Expenditure in the period is disclosed in note 6.

Matters included in the strategic report

As permitted by s.414C(11) of the Companies Act 2006, the directors have chosen to set out in the group's strategic report information required by Sch.7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. They have done so in respect of future developments.

CREDITCALL HOLDINGS LIMITED

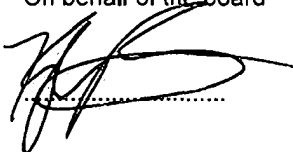
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....

Date: 12/22/2020
.....

CREDITCALL HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are responsible for preparing the Strategic Report and 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). 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 group and company, and of the profit or loss of the group 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;
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.*

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREDITCALL HOLDINGS LIMITED

Opinion

We have audited the financial statements of Creditcall Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2019 and of the group's 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in 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 our 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREDITCALL HOLDINGS LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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

As explained more fully in the directors' responsibilities statement set out on page 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Charles Fray ACA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD
23 December 2020

CREDITCALL HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December 2019 £	Period ended 31 December 2018 £
	Notes		
Turnover	3	13,789,112	9,693,247
Cost of sales		(667,857)	(448,801)
Gross profit		13,121,255	9,244,446
Administrative expenses		(10,349,507)	(8,211,937)
Operating profit	6	2,771,748	1,032,509
Interest receivable and similar income	8	434	254
Interest payable to group undertakings	9	(881,267)	(1,048,339)
Other interest payable and similar expenses	9	(83,007)	(70,042)
Exceptional income	10	-	620,392
Profit before taxation		1,807,908	534,774
Tax on profit	11	(691,316)	401,873
Profit for the financial year		1,116,592	936,647
Other comprehensive income net of taxation			
Currency translation differences		(7,691)	23,154
Total comprehensive income for the year		1,108,901	959,801

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The Income Statement has been prepared on the basis that all operations are continuing operations.

CREDITCALL HOLDINGS LIMITED**STATEMENTS OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Fixed assets					
Goodwill	12	1,203,648	1,746,144	-	-
Other intangible assets	12	209,308	18,943	-	-
Total intangible assets		1,412,956	1,765,087	-	-
Tangible assets	13	291,494	251,434	-	-
		1,704,450	2,016,521	-	-
Current assets					
Debtors	15	3,824,573	4,150,730	11,788,383	11,372,564
Cash at bank and in hand		3,365,990	1,817,596	-	-
		7,190,563	5,968,326	11,788,383	11,372,564
Creditors: amounts falling due within one year	16	(16,280,694)	(16,460,806)	(14,042,689)	(13,496,564)
Net current liabilities		(9,090,131)	(10,492,480)	(2,254,306)	(2,124,000)
Total assets less current liabilities		(7,385,681)	(8,475,959)	(2,254,306)	(2,124,000)
Creditors: amounts falling due after more than one year	17	-	(18,623)	-	-
Net liabilities		(7,385,681)	(8,494,582)	(2,254,306)	(2,124,000)
Capital and reserves					
Called up share capital	22	8,729	8,729	8,729	8,729
Share premium account	23	638,300	638,300	638,300	638,300
Capital redemption reserve	23	162	162	162	162
Translation reserve	23	(10,251)	(2,560)	-	-
Profit and loss reserves	23	(8,022,621)	(9,139,213)	(2,901,497)	(2,771,191)
Total equity		(7,385,681)	(8,494,582)	(2,254,306)	(2,124,000)

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income and related notes as it prepares group accounts. The company's loss for the year was £130,306 (2018 - £431,002 loss).

CREDITCALL HOLDINGS LIMITED

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2019

The financial statements were approved by the board of directors and authorised for issue on ...12/22/2020.....
and are signed on its behalf by:

A handwritten signature in black ink, appearing to be 'H. S.', written over a dotted line.

Director

CREDITCALL HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Share premium account £	Capital redemption reserve £	Translation reserve £	Profit and loss reserves £	Total £
Balance at 2 March 2018	8,729	638,300	162	(25,714)	(10,075,860)	(9,454,383)
Period ended 31 December 2018:						
Profit for the period	-	-	-	-	936,647	936,647
Other comprehensive income net of taxation:						
Currency translation differences	-	-	-	-	23,154	23,154
Total comprehensive income for the period	-	-	-	-	959,801	959,801
Transfers	-	-	-	23,154	(23,154)	-
Balance at 31 December 2018	8,729	638,300	162	(2,560)	(9,139,213)	(8,494,582)
Period ended 31 December 2019:						
Profit for the period	-	-	-	-	1,116,592	1,116,592
Other comprehensive income net of taxation:						
Currency translation differences	-	-	-	-	(7,691)	(7,691)
Total comprehensive income for the period	-	-	-	-	1,108,901	1,108,901
Transfers	-	-	-	(7,691)	7,691	-
Balance at 31 December 2019	8,729	638,300	162	(10,251)	(8,022,621)	(7,385,681)

CREDITCALL HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 2 March 2018	8,729	638,300	162	(2,340,189)	(1,692,998)
Period ended 31 December 2018:					
Loss and total comprehensive income for the period	-	-	-	(431,002)	(431,002)
Balance at 31 December 2018	8,729	638,300	162	(2,771,191)	(2,124,000)
Period ended 31 December 2019:					
Loss and total comprehensive income for the period	-	-	-	(130,306)	(130,306)
Balance at 31 December 2019	8,729	638,300	162	(2,901,497)	(2,254,306)

CREDITCALL HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December 2019	Period ended 31 December 2018
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	24	4,668,498	3,921,597
Interest paid		(911,762)	(70,042)
Income taxes (paid)/refunded		(436,008)	90,726
Net cash inflow from operating activities		3,320,728	3,942,281
Investing activities			
Purchase of intangible assets		(304,616)	(13,710)
Purchase of tangible fixed assets		(218,125)	(166,667)
Interest received		434	254
Net cash used in investing activities		(522,307)	(180,123)
Financing activities			
Proceeds from borrowings		-	9,029,550
Repayment of borrowings		(1,212,296)	(11,211,066)
Payment of finance leases obligations		(31,420)	(60,213)
Net cash used in financing activities		(1,243,716)	(2,241,729)
Net increase in cash and cash equivalents		1,554,705	1,520,429
Cash and cash equivalents at beginning of year		1,817,596	275,254
Effect of foreign exchange rates		(6,311)	21,913
Cash and cash equivalents at end of year		3,365,990	1,817,596

CREDITCALL HOLDINGS LIMITED

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

1 Accounting policies

Company information

Creditcall Holdings Limited ("the company") is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Merchants House North, Wapping Road, Bristol, BS1 4RW.

The group consists of Creditcall Holdings Limited and all of its subsidiaries.

The company's and the group's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

FRS 102 reduced disclosure exemptions

In accordance with FRS 102, the company only has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' - Presentation of Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instruments Issues' - Carrying amounts, interest income/ expense and net gains/ losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 33 'Related party disclosures' - Compensation for key management personnel.

These exemptions have not been applied to the group accounts.

Basis of consolidation

The consolidated financial statements incorporate those of Creditcall Holdings Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

CREDITCALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Going concern

These financial statements have been prepared on a going concern basis on the grounds that the directors consider that the group has sufficient cash resources to enable the group to continue to meet its liabilities as they fall due.

In order to assess the going concern assumption, the directors have considered detailed trading and cash flow projections, taking into account the ongoing COVID-19 situation and the uncertainty this presents in drawing their conclusions. The group has been able to continue servicing its customers remotely during the course of the pandemic but has experienced some downturn in transactional revenues as customers have experienced reduced levels of activity. The group has strong recurring revenue streams and, consequently has continued to generate a positive EBITDA during 2020, although at a lower level than that achieved in 2019. The group has not utilised government reliefs offered in response to COVID-19 such as job retention schemes or VAT deferrals as the group has continued to hold substantial cash balances. Sensitivity analysis and further detailed review was undertaken on the more judgemental areas of the forecasts, as well as a review of mitigating factors and potential upsides.

The group has net liabilities of £7,385,681 (2018: £8,494,582), however £12,361,980 of liabilities (2018: £13,485,560) relate to borrowings from the group's parent undertaking. The group has the full financial support of its ultimate parent undertaking, and has received confirmation of its intentions to provide continued financial support to the group so that it can meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

The directors are confident that the steps that they have taken to mitigate associated risk will ensure that the group is well positioned to continue to trade throughout the current uncertain economic environment. They have therefore concluded that there is no material uncertainty about the ability of the group to continue as a going concern and that it remains appropriate to prepare the financial statements on a going concern basis.

Reporting period

These financial statements cover the year to 31 December 2019. The comparative period is for the tenth-month period 2 March 2018 to 31 December 2018. The comparative amounts presented in these financial statements (including the related notes) are therefore not directly comparable to the amounts presented for the current period.

Turnover

Turnover (which excludes VAT) includes the company's commission and charges from handling credit card payments made during the period. This is recognised when the payment takes place. Turnover arising from the sale of licences to use the company's software is recognised when the licence sale occurs.

Initial set up charges are spread over the expected life of the customer contract. This represents a change to the policy previously applied in order to be consistent with the parent company's accounting policies. The charges were previously recognised in full when the work was completed. This new policy has not been retrospectively applied on the basis the directors do not consider its impact on the prior period financial statements to be material. Similarly the directors do not believe the overall impact of this change in policy has resulted in a material difference to turnover and profit before tax figure recognised in these financial statements.

Revenues from development projects are recognised based on the stage of completion of such projects with amounts being reported within deferred income where these are invoiced in advance. Maintenance and support revenue in respect of this software is recognised over the period of the underlying contract.

Research and development expenditure

Research and development expenditure is written off in the period in which it is incurred.

CREDITCALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Intangible fixed assets - goodwill

Goodwill arising on consolidation is capitalised and written off in equal annual installments over its estimated useful economic life. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill is amortised over 10 years on a straight line basis.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Patents	over 10 years straight line
Licenses	over 3 years straight line

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	over 4 years straight line
IT infrastructure	over 4 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Fixed asset investments

In the separate accounts of the company, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

CREDITCALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the group are recorded at the fair value of the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax is based on taxable profit for the year. Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction to which it relates and is also charged or credited to other comprehensive income or equity.

Current tax assets are recognised when tax paid exceeds the tax payable. Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

CREDITCALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments.

Share based payments

The group grants share options (equity settled share based payments) under its approved scheme. These are measured at fair value at the date of grant, and this value is expensed on a straight line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity. The directors concluded that the fair value of any options granted in the current or comparative period was not material.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken through profit or loss.

Assets and liabilities of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Results for the financial period are translated at the average rate over the respective period. The functional currency of the overseas subsidiaries is considered to be £'s, and hence any translation differences arising are reported through profit or loss.

CREDITCALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Revenue recognition

The amount of revenue recognised in respect of certain EMV development projects is determined by reference to the stage of completion of such projects and involves estimation to determine the total hours expected to complete the development.

Deferred tax

The directors are required to make judgements in respect of recognising the deferred tax assets set out in note 20 and the extent that it is probable that they will be recovered. When assessing the recoverability of deferred tax assets they consider a variety of factors including the likelihood of achieving future profits by preparing forecast accounts.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Payment service provision	12,407,193	8,510,377
EMV development projects	1,381,919	1,182,870
	<u>13,789,112</u>	<u>9,693,247</u>
	2019 £	2018 £
Turnover analysed by geographical market		
UK	9,380,377	8,504,377
Rest of world	4,408,735	1,188,870
	<u>13,789,112</u>	<u>9,693,247</u>

CREDITCALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

4 Employees

The average monthly number of persons (including directors) employed during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Finance & Administration	13	11	3	3
Sales & Marketing	16	19	-	-
Production	73	71	-	-
	<u>102</u>	<u>101</u>	<u>3</u>	<u>3</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	5,178,486	4,595,605	-	-
Social security costs	620,133	471,913	-	-
Pension costs	143,525	56,501	-	-
	<u>5,942,144</u>	<u>5,124,019</u>	<u>-</u>	<u>-</u>

5 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	-	339,568
Company pension contributions to defined contribution schemes	-	4,051
Compensation for loss of office	-	20,000
	<u>-</u>	<u>363,619</u>

Directors were not remunerated through this company or its subsidiaries in 2019.

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2019 £	2018 £
Remuneration for qualifying services	n/a	339,568
Company pension contributions to defined contribution schemes	n/a	4,051
Compensation for loss of office	-	20,000

CREDITCALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

6 Operating profit

	2019 £	2018 £
Operating profit for the period is stated after charging/(crediting):		
Exchange losses/(gains)	54,938	(2,228)
Depreciation of owned tangible fixed assets	176,685	110,417
Depreciation of tangible fixed assets held under finance leases	-	30,683
Amortisation of intangible assets	656,747	478,131
Operating lease charges	256,623	337,411

Amortisation charged in the period is recognised within administrative expenses.

7 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	7,600	7,000
Audit of the financial statements of the company's subsidiaries	30,400	28,000
	38,000	35,000

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	434	254

9 Interest payable and similar expenses

	2019 £	2018 £
Interest payable to group undertakings	881,267	1,048,339
Other finance fees	63,035	64,588
Interest on finance leases and hire purchase contracts	19,972	5,454
Total finance costs	964,274	1,118,381

10 Exceptional income

In the prior period, exceptional income relates to the reimbursement by the parent company of certain exceptional costs expensed in the previous period in respect of the sale of the group.

CREDITCALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

11 Taxation

	2019 £	2018 £
Current tax		
Adjustments in respect of prior periods	-	1,123
Foreign current tax on profits for the current period	73,440	30,618
Adjustments in foreign tax in respect of prior periods	181,813	-
Total current tax	255,253	31,741
Deferred tax		
Origination and reversal of timing differences	472,083	(433,614)
Changes in tax rates	(36,020)	-
Total deferred tax	436,063	(433,614)
Total tax charge/(credit)	691,316	(401,873)

The total tax charge/(credit) for the year included in the income statement can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	1,807,908	534,774
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	343,503	101,607
Tax effect of expenses that are not deductible in determining taxable profit	246,884	159,483
Tax effect of income not taxable in determining taxable profit	(494)	(40,902)
Tax effect of utilisation of tax losses not previously recognised	(16,950)	-
Change in unrecognised deferred tax assets	(1,000)	(627,817)
Adjustments in respect of prior years	181,813	1,123
Other differences	(11,020)	17,464
Effect of overseas tax rates	-	10,017
Adjust deferred tax to reconciliation rate	(51,420)	(22,848)
Taxation charge/(credit)	691,316	(401,873)

The company has tax losses of £nil (31 December 2018 - £175,302) and the group has estimated losses of £1,483,877 (December 2018 - £3,903,718) available for carry forward against future profits. The directors have recognised a deferred tax asset of £468,656 (December 2018 - £774,828) in relation to these losses and other timing differences, reflecting management's assessment of the uncertainty over the availability of future taxable profits at the reporting date.

CREDITCALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

12 Intangible fixed assets

Group	Goodwill £	Patents £	Licenses £	Total £
Cost				
At 1 January 2019	5,424,955	19,086	398,967	5,843,008
Additions - separately acquired	-	-	304,616	304,616
At 31 December 2019	5,424,955	19,086	703,583	6,147,624
Amortisation and impairment				
At 1 January 2019	3,678,811	19,086	380,024	4,077,921
Amortisation charged for the year	542,496	-	114,251	656,747
At 31 December 2019	4,221,307	19,086	494,275	4,734,668
Carrying amount				
At 31 December 2019	1,203,648	-	209,308	1,412,956
At 31 December 2018	1,746,144	-	18,943	1,765,087

The company had no intangible fixed assets at 31 December 2019 or 31 December 2018.

13 Tangible fixed assets

Group	Fixtures and fittings £	IT infrastructure £	Total £
Cost			
At 1 January 2019	702,016	938,967	1,640,983
Additions	80,011	138,114	218,125
Exchange adjustments	-	(15,239)	(15,239)
At 31 December 2019	782,027	1,061,842	1,843,869
Depreciation and impairment			
At 1 January 2019	553,349	836,200	1,389,549
Depreciation charged in the year	91,396	85,289	176,685
Exchange adjustments	-	(13,859)	(13,859)
At 31 December 2019	644,745	907,630	1,552,375
Carrying amount			
At 31 December 2019	137,282	154,212	291,494
At 31 December 2018	148,667	102,767	251,434

The company had no tangible fixed assets at 31 December 2019 or 31 December 2018.

CREDITCALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

13 Tangible fixed assets (Continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	Group 2019 £	2018 £	Company 2019 £	2018 £
IT infrastructure	-	14,529	-	-

14 Fixed asset investments

The company holds 100% of the issued ordinary share capital of the companies listed below. All subsidiaries have been accounted for using the purchase method of accounting.

Owned directly:

- Creditcall Group Limited (investment of £0.01)

Owed indirectly through Creditcall Group Limited:

- Creditcall Limited

Owned indirectly through Creditcall Limited:

- Creditcall Corporation Inc.
- Creditcall Communications Limited
- Ekashu Limited

Owned indirectly through Creditcall Corporation Inc.:

- Creditcall Canada ULC

The principal activity of Creditcall Group Limited is that of the provision of management services to other group companies. The principal activity of Creditcall Limited, Creditcall Corporation Inc. and Creditcall Canada ULC is payment provision for unattended terminals and cardholder not present situations. Creditcall Communications Limited and Ekashu Limited are dormant.

All companies are incorporated in the United Kingdom and registered in England and Wales with the exception of Creditcall Corporation Inc. which is incorporated in the USA and Creditcall Canada ULC which is incorporated in Canada. The registered office of the UK companies is Merchants House, Wapping Road, Bristol BS1 4RW. The registered office of Creditcall Corporation Inc. is 315 W 36th Street, New York, NY 10018, USA. The registered office of Creditcall Canada ULC is 2900-595 Burrard Street, Vancouver BC, V7X 1J5, Canada.

CREDITCALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

15 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	2,218,949	2,697,870	-	-
Corporation tax recoverable	247,347	66,592	-	-
Amounts owed by group undertakings	298,986	-	3,024,897	3,347,652
Other debtors	18,682	132,994	-	-
Prepayments and accrued income	701,844	478,446	-	-
	<u>3,485,808</u>	<u>3,375,902</u>	<u>3,024,897</u>	<u>3,347,652</u>
Deferred tax asset (note 20)	-	461,912	-	-
	<u>3,485,808</u>	<u>3,837,814</u>	<u>3,024,897</u>	<u>3,347,652</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	8,763,486	8,024,912
Deferred tax asset (note 20)	338,765	312,916	-	-
	<u>338,765</u>	<u>312,916</u>	<u>8,763,486</u>	<u>8,024,912</u>
Total debtors	<u>3,824,573</u>	<u>4,150,730</u>	<u>11,788,383</u>	<u>11,372,564</u>

During the period, impairment losses of £17,476 (December 2018 - £15,976) were recognised in respect of trade debtors due from customers from whom payment is overdue and is not likely to be recovered.

The group has entered into an invoice financing agreement with a third party which covered £2.2m (December 2018 - £1.2m) of the group's trade debtors at the period end.

16 Creditors: amounts falling due within one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Obligations under finance leases	18	19,141	31,938	-	-
Trade creditors		192,573	199,403	-	-
Amounts owed to group undertakings		13,326,580	13,485,243	14,042,689	13,496,564
Other taxation and social security		437,402	501,398	-	-
Deferred income		1,374,994	1,312,444	-	-
Other creditors		188,246	103,262	-	-
Accruals		741,758	827,118	-	-
		<u>16,280,694</u>	<u>16,460,806</u>	<u>14,042,689</u>	<u>13,496,564</u>

CREDITCALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

16 Creditors: amounts falling due within one year (Continued)

Obligations under finance leases are secured on the underlying asset. In the year creditors included £nil (2018:£nil) relating to an invoice financing facility secured on trade debtors.

17 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Obligations under finance leases	18	-	18,623	-	-

Obligations under finance leases are secured on the underlying asset.

18 Finance lease obligations

	Group 2019 £	2018 £	Company 2019 £	2018 £
Future minimum lease payments due under finance leases:				
Less than one year	19,731	34,503	-	-
Between one and five years	-	19,214	-	-
	19,731	53,717	-	-
Less: future finance charges	(590)	(3,156)	-	-
	19,141	50,561	-	-

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is three years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Borrowings

	Group 2019 £	2018 £	Company 2019 £	2018 £
Preference shares	2,260,230	2,260,230	2,260,230	2,260,230
Loans from group undertakings	10,101,750	11,225,330	10,101,750	11,225,330
	12,361,980	13,485,560	12,361,980	13,485,560
Payable within one year	12,361,980	13,485,560	12,361,980	13,485,560

CREDITCALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

19 Borrowings (Continued)

Preference shares comprise 2,260,230 redeemable preference shares of £1 each. These shares carry the right to cumulative preferential dividends at a rate of 10% per annum and are therefore considered to have the characteristics of debt rather than equity.

Loans from group undertakings reflect unsecured loan notes with interest accrued at 8.68% due to Network Merchants Holdings LLC. On 14 April 2020, this loan agreement was extended until 1 March 2020, when the full amount will be due.

20 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2019 £	Assets 2018 £
Group		
Fixed asset timing differences	4,864	(31,147)
Tax losses	332,021	804,961
Short term timing differences	1,880	1,014
	<u>338,765</u>	<u>774,828</u>

The company has no deferred tax assets or liabilities.

	Group 2019 £	Company 2019 £
Movements in the year:		
Liability/(asset) at 1 January 2019	(774,828)	-
Charge to profit or loss	436,063	-
Liability/(asset) at 31 December 2019	<u>(338,765)</u>	<u>-</u>

The deferred tax asset set out above is expected to reverse within 24 months and relates primarily to the utilisation of tax losses against future expected profits of the same period.

21 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>143,525</u>	<u>56,501</u>

CREDITCALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

21 Retirement benefit schemes (Continued)

The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. Pension contributions of £23,520 (December 2018 - £13,694) were outstanding at 31 December 2019 and are included within other creditors.

22 Share capital

	Group and company	
	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
872,939 Ordinary shares of 1p each	8,729	8,729

Each ordinary share gives the bearer one vote at shareholder meetings.

23 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve

The nominal value of shares repurchased in previous periods and subsequently cancelled.

Profit and loss reserves

The profit and loss reserves reflect cumulative profit and losses net of distributions to members.

Translation reserve

The translation reserve represents foreign exchange gains and losses on the retranslation of the results and net assets of the company's foreign subsidiaries.

24 Cash generated from group operations

	2019	2018
	£	£
Profit for the year after tax	1,116,592	936,647
Adjustments for:		
Taxation charged/(credited)	691,316	(401,873)
Finance costs	964,274	1,118,381
Investment income	(434)	(254)
Amortisation and impairment of intangible assets	656,747	478,131
Depreciation and impairment of tangible fixed assets	176,685	141,100
Movements in working capital:		
Decrease in debtors	70,849	675,093
Increase in creditors	929,919	556,318
Increase in deferred income	62,550	418,054
Cash generated from operations	4,668,498	3,921,597

CREDITCALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

25 Analysis of changes in net debt - group

	1 January 2019	Cash flows	Other non- cash changes	Exchange rate movements	31 December 2019
	£	£	£	£	£
Cash at bank and in hand	1,817,596	1,554,705	-	(6,311)	3,365,990
Borrowings excluding overdrafts	(13,485,560)	2,004,847	(881,267)	-	(12,361,980)
Obligations under finance leases	(50,561)	31,420	-	-	(19,141)
	<u>(11,718,525)</u>	<u>3,590,972</u>	<u>(881,267)</u>	<u>(6,311)</u>	<u>(9,015,131)</u>

26 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	201,210	189,184	-	-
Between one and five years	750,076	800,000	-	-
In over five years	13,321	-	-	-
	<u>964,607</u>	<u>989,184</u>	<u>-</u>	<u>-</u>

27 Financial commitments, guarantees and contingent liabilities

A cross guarantee is in place across the Creditcall group whereby Creditcall Holdings Limited will be liable in the event of any default on certain loans by other group companies. The outstanding amount of these loans at the end of the period was £7,771,523 (2018: £8,330,968).

28 Events after the reporting date

In early 2020, the existence of the new coronavirus ("COVID-19") was confirmed which has since spread across a significant number of countries, leading to the disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets and wider economic uncertainty. The Company considers the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event.

CREDITCALL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

29 Related party transactions

Remuneration of key management personnel

The remuneration of group key management personnel, who are the executive directors and head of sales, is as follows.

	2019 £	2018 £
Aggregate compensation	233,584	1,021,521

Transactions with group members

The group has taken advantage of the exemption available under section 33 of FRS 102 and has not disclosed details of transactions or balances between wholly-owned members of its group.

30 Controlling party

The immediate parent company is Network Merchants Holdings LLC (trading as NMI), which is ultimately owned by NMI Topco LLC, both US registered companies. There is no overall controlling party.