TRU | FIN

ANNUAL REPORT AND ACCOUNTS

For the year ended 31 December 2020

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COMPANY INFORMATION
For the year ended 31 December 2020

Directors	Steve Baldwin (Chairman) (appointed Chairman 26 June 2020) James van den Bergh (Chief Executive Officer) Penny Judd (Non-Executive Director) Paul Dentskevich (Non-Executive Director) Stephen Greene (Non-Executive Director) (appointed 29 April 2020) Simon Henry Kenner (resigned 26 June 2020)
Company Secretary	Ocorian Secretaries (Jersey) Limited
Registered Office	26 New Street St Helier Jersey JE2 3RA
Business Address	48 Warwick Street London W1B 5AW Previous Business Address (until 24 November 2020) Mercury House 109-117 Waterloo Road London SE1 8UL
Registered Number	125245
Auditor	Crowe LLP 55 Ludgate Hill London EC4M 7JW
Nominated Advisor and Broker	Liberum Capital Limited 25 Ropemaker Street London EC2Y 9LY

COMPANY INFORMATION (CONTINUED)
For the year ended 31 December 2020

Advisors

Travers Smith LLP (Solicitors – UK law)
10 Snow Hill
London
EC1A 2AL

Ogier (Solicitors – Jersey law)
44 Esplanade
St Helier
Jersey
JE4 9WG

Equiniti (Jersey) Limited (Registrar)
26 New Street
St Helier
Jersey
JE2 3RA

CHAIRMAN'S STATEMENT
For the year ended 31 December 2020

I was appointed Chairman of TruFin during a period of great uncertainty and instability due to the Covid-19 pandemic. During 2020, our focus was to build on the successes of 2019 and ensure that our companies could weather the pandemic and national lockdowns. The excellent work from our employees within the individual subsidiaries and the TruFin executive team during the crisis, as well as the resilience shown by the businesses cannot be underestimated. The Board is incredibly grateful for all their hard work in extremely challenging circumstances. TruFin is emerging not only relatively unscathed from the pandemic but is even better placed to continue to prosper.

Highlights throughout the year include:

- Playstack Limited ("Playstack") publishing Mortal Shell, a hit game that has had over 500,000 downloads and physical sales to date

- Satago Financial Solutions Limited ("Satago") signing a six-month commercial pilot with the invoice finance division of a Tier 1 UK Bank

- Oxygen Finance Limited ("Oxygen") recording its first quarter of positive EBITDA in Q2 2020, followed by two more quarters of EBITDA profitability in Q3 and Q4 2020

- Vertus Capital Limited ("Vertus") experiencing zero credit losses throughout the crisis demonstrating the efficacy of its underwriting and doubling its loan book

Whereas 2019 was dominated by corporate activity at the Group level, this year's highlights were much more focused on the operational side of TruFin's subsidiaries. Oxygen's operational leverage is starting to become evident whilst maintaining its leading market position. Satago's strategic partnership with the Tier 1 UK Bank has allowed them to leverage their market leading software suite. Playstack's position in the games sector was solidified as a result of the successful launch of their first major title. It was also very pleasing to witness Vertus's ever growing customer pipeline despite the Covid-19 pandemic uncertainty.

Due to the Group's hard work over the last few years, each subsidiary is very well positioned within their niche, and, given their performance throughout the Covid-19 pandemic, I am looking forward to further success as TruFin enters a period of stability.

When I became Chairman in June 2020, TruFin's share price was at a depressed level mainly due, I believe, to the uncertainty related to the Company's shareholder base. This was clearly disappointing for our investors, most of whom had been with us since IPO. The share price is now trading substantially higher than the nadir and that is in no small part due to the milestones that each subsidiary has passed (as described above) but also due to the significant sale of shares by Arrowgrass Master Fund Limited ("AMFL") in February 2021 when their shareholding reduced from 73.82% to 19.99%.

AMFL have been very supportive through our journey, in both the public arena and previously on the private market. The addition of Stephen Greene to the Board as AMFL's representative in April 2020 also contributed to our excellent relationship with our then majority shareholder. In February 2021, following AMFL's share sale, we were pleased to welcome a raft of new, high quality institutional investors to the TruFin register which has increased the free float of TruFin and helped further unlock the value of the Group.

On behalf of the Board, I would like to thank our previous Chairman, Henry Kenner, for his contribution to the Group and we wish him well in his future endeavours.

As a Group we have an exciting year ahead, with a number of our subsidiaries moving towards profitability and others working towards securing further milestone transactions that will deliver value over the coming years. I look forward to updating the market as to our continued progress over the course of the year and would like to thank all our employees and shareholders, new and old, for their continued support.

Steve Baldwin

Chairman

16 April 2021

CEO'S REVIEW
For the year ended 31 December 2020

CEO's review

It is very pleasing to report considerable success across the Group despite the challenges we faced during the year. After a busy 2019 - demerging our largest subsidiary, Distribution Finance Capital Ltd ("DFC"), exiting our investment in Zopa Group Limited ("Zopa") and acquiring Vertus and Playstack - we were looking to build on our organic growth during 2020. Despite the challenges faced, I am pleased to say that all our subsidiaries performed strongly and continued to serve their customer bases successfully. This allowed us to outperform market expectations twice during the year.

Creating a stable environment for our subsidiaries is one of the key objectives for the Group; although challenging at times, the value of this has rarely been more evident than in 2020. This stability ensured TruFin's subsidiaries not only held the gains made in 2019 but also allowed for some step changes in underlying performance which bodes well for 2021 and beyond.

TruFin's performance in 2020

The Group fully adapted to remote working in 2020 but inevitably growth was impeded by the Covid-19 pandemic and ongoing lockdown. However, the Group still achieved very strong revenue growth of 102% to £14.8m across the continuing operations. More specifically:

Oxygen

- Revenue growth in the year, coupled with strong cost management resulted in a reduction of Loss Before Tax ("LBT") from £2.1m to £1.4m
- Positive EBITDA generation for the last three quarters of 2020
- Trade spend of Oxygen's Early Payment clients rose by £1.0bn to £22.1bn
- Achieved year-end target of 50 early payment clients
- Out of the Early Payment client base at the year-end, 22% generated revenue for the first time in 2020 and 10% were signed up during 2020
- Appointed as sole supplier for an Early Payment service launched by North East Procurement Organisation ("NEPO") in May 2020. NEPO undertakes high value procurement in major strategic areas of spend working in partnership with North East local authorities. The initial framework agreement is for 4 years

Satago

- Achieved target of 2,000 paid subscribers to the technology platform
- Launched the Lending as a Service ("LaaS") model with a six-month commercial pilot agreed with a Tier 1 Bank during Q4 2020 which, if successful, will lead to a five-year commercial agreement
- £5m revolving credit facility signed to support loan book growth

Playstack

- Transformational revenue growth from £1.2m (on full year basis) to £8.4m in 2020
- Global launch of their first major title, Mortal Shell, which received critical acclaim and resulted in over 500,000 units sold
- Despite significant disruption from the Covid-19 pandemic, the development of the brand technology business remained a key focus for the team
- PlayIgnite facilitated £8.2m of loans during 2020, constrained only by capital

Vertus

- Despite the significant impact of the Covid-19 pandemic on deal closing timelines, 2020 revenue grew from £0.7m in 2019 (on a full year basis) to £1.0m in 2020
- Loan book growth of 21% to £12.2m
- Zero defaults or impairments
- Completed implementation of new CRM and loan management systems for greater scalability

Following DFC's full loan repayment in December 2020, the year ended with a cash balance of £17.7m and the Group remains fully funded to achieve profitability.

Current trading and prospects

I am pleased to report that the Group's performance has remained resilient with Group revenues for the first quarter ended 31 March 2021 of not less than £2.5m (unaudited), representing growth in excess of 20% over the same period in 2020.

Much of the momentum we experienced in 2020 is continuing into 2021 and we remain optimistic for 2021 and beyond. In light of this, the Board has suspended the processes to explore options for Oxygen and Vertus until such time that it believes appropriate value can be realised.

Oxygen

- Current trading in line with budget and expectations for both early payment and insight solutions
- EBITDA profitable in Q1 2021, resulting in four consecutive quarters of EBITDA profitability
- Early payments client portfolio strengthened with the addition of Bristol City Council in February 2021
- Strong supplier on-boarding in the first quarter of 2021, with an increase of 19% over the same period in 2020 and a 57% increase over the fourth quarter of 2020
- The launch, with Ernst & Young of the "Local Government Third Party Spend 2019/2020 Almanac"
- Unique client count exceeding 100 for the first time (June 2020: 92 clients)

Satago

- Performance impacted by the continued lockdown, with business well set for increased activity post lockdown
- Refocus from traditional direct client contact methods to more digitally focussed client interaction from initial contact through to onboarding
- Increased activity and growth from existing and new partnerships expected as UK recovers
- Extension of lending products to include a whole book solution, R&D tax credits and Revolving Credit Facilities

Playstack

- Mortal Shell release for next generation consoles occurred in March 2021
- Mortal Shell 'wish lists' on the Steam Platform continuing to build for the Summer 2021 release
- Early indications of solid revenue growth across a mix of games and business units to provide a stable trading platform going forward

Vertus

- Significant loan demand as a result of the potential CGT review, latent demand from 2020 and increasing consolidation in the IFA market
- £9.6m in new facilities approved in Q1, compared to new facilities of £4.9m for the whole of 2020
- Zero defaults or impairments

Outlook

2020 was a year of many potential pitfalls but I am proud to say that TruFin astutely negotiated these challenges and has emerged stronger as relationships with both partners and customers have strengthened. TruFin and its subsidiaries will be able to say that we stood by customers and partners throughout this crisis and can be proud of the results of our actions. We are confident that, as the pandemic abates and the UK emerges from lockdown, TruFin is well-placed to dominate our chosen niches in the coming years.

Focus on our technological advantages, coupled with strong partnerships, proved its value in 2020. This is set to continue in 2021 as we continually strengthen the technology offering of each of our subsidiaries to further build their resilience and allow for expanded product offerings - as requested by our partners and customers. 2021 will be a year of new milestones for the Group as a number of the subsidiaries move into profitability. I look forward to updating investors as to TruFin's progress in due course.

James van den Bergh
Chief Executive Officer
16 April 2021

Goals and Objectives

TruFin continues to believe that it can generate significant value by focusing on poorly served niches and partnering with others. Our subsidiaries' partners and customers choose to work with us because we bring technological ability, flexible offerings and entrepreneurial drive - helping them leverage their position in the market. We are fortunate enough to work with partners that have dominant positions in their markets; this allows us to scale over time without significant marketing costs. Over the last year, many other potential partners have approached the Group looking to replicate the success we have had with our existing partners and customers. It is through existing and new partnerships that we envisage the Group growing over time.

The progress made during 2020 - despite the Covid-19 pandemic - has highlighted the value within the Group and we remain excited about the future. Our strategic objective remains the realisation of value from each of our assets at the appropriate time.

Specifically, the Directors have the following strategic objectives for each business:

Oxygen

- Expand the early payment solutions client portfolio to beyond 70 clients (growth of 35%)
- Leverage on the benefits delivered from the successful integration of Porge. Identifying possible bolt-on acquisitions to further expand the product solutions offered to our loyal client portfolio
- Expand the early payment solutions to new market segments
- Achieve first full year of EBITDA profitability by delivering revenue growth and maintaining strict discipline on fixed costs

Satago

- Completion of successful pilot with the Tier 1 Bank
- Expand the client base utilising the platform and lending offerings in order to support SMEs as the UK economy recovers
- Sign up new partnerships for the LaaS product

Playstack

- Expand the games portfolio across mobile and console, creating a strong 'back catalogue', to underpin growth
- Secure sequel rights to high performing titles during 2021, for release in early 2023
- Launch and grow a new brand technology offering, introducing real world brands into the gaming space
- Grow PlayIgnite with the addition of further lending partners. Update the technology base to improve data insight monitoring, and refine the predictability of game revenues

Vertus

- Remain the go-to providers of independent capital to IFAs in the UK for acquisition and succession planning. We believe this alone can enable annual growth in facilities of 40% over the next three years
- Capitalise on the increasing consolidation of the IFA sector by expanding capital solutions to this sector in the UK
- Explore other succession and capital provision opportunities that arise from partnering with one of the leading UK investment platforms (Transact) and strong brand positioning within the IFA community

Principal risks and uncertainties

The Directors of TruFin plc confirm that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

Principal risks are a risk or combination of risks that, given the Group's current position, could seriously affect the performance, future prospects or reputation of the Group. These risks could potentially threaten the businesses, performance, solvency or liquidity, or prevent the delivery of the strategic objectives. The Board has overall responsibility for ensuring that risk is appropriately managed across the Group.

As well as external reviews and audits from the Group's statutory auditors, the Group has internal checks and policies. Initial responsibility rests with the management team of each business for identifying and managing risks arising in their business areas. This is augmented by the Group's central compliance and finance function with responsibility for reporting to the Board.

The key risks identified and which the Board has reasonable expectation are appropriately mitigated are:

- **Covid-19** – The Covid-19 pandemic and related lockdowns has impacted companies, employees, suppliers and customers across the world. Operationally the Group fully adapted to remote working in 2020, with minimal disruption to business. The Group will continue to monitor the impacts on its customers and partners and will work alongside them to navigate any short, medium and long-term challenges that may arise
- **Strategic risk** - Strategic and business risk is the risk which can affect the Group's ability to achieve its corporate and strategic objectives. The risk on the performance of the Group arising from its strategic decisions, change in the business conditions, improper implementation of decisions or lack of responsiveness to industry changes. It is particularly important as the Group continues its growth strategy. The Group will not put its core strategic and business objectives at a level of risk which is beyond its financial resources and operational capabilities. The Group will monitor and continually review this risk
- **Credit risk** - The risk of default, potential write-off, financial loss arising from a borrower or counterparty failing to meet its financial obligations. This is mitigated by the Group adopting prescribed lending policies and adhering to strict credit and underwriting criteria specifically tailored to each business area. The loans issued are in most cases collateralised to a large extent and therefore the risk of loss is mitigated to the extent the Directors deem appropriate in accordance with the relevant risk policies
- **Funding risk** - The risk of the Group not being able to meet its current and future financial obligations over time, specifically that funding is not available to meet the Group's growth targets. Both Vertus and Satago have secured external funding with which they can continue to grow their loan books. PlayIgnite is acting as a 'broker' for an external debt provider and is looking to increase the pool of capital available for funding.
- **Operational risk** - the risk of financial loss and/or reputational damage resulting from inadequate or failed internal processes, people and systems or from external events. The exposure to operational risk has increased from the previous year as the businesses have grown. Mitigating factors are: the Group reviews its operational infrastructure to ensure that it is secure and fit for purpose, the Group maintains a strong internal control environment and the Group has also factored in the strengthening of processes and systems

Strict adherence to managing risk

The Group manages such risks, among other things, with robust systems and processes, guidelines and policies which are forward-looking, clearly articulated, documented and communicated throughout the businesses and which enable the accurate identification and control of potentially problematic transactions and events.

Due to Satago and Vertus being lending businesses, they each have their own risk committees and formal risk procedures in place that aim to manage risk effectively. The systems and processes, guidelines and policies are continually reviewed and updated and effectively communicated to all personnel to ensure that resources, governance and infrastructure are appropriate for the increasing size and complexity of the business.

The Group manages the risks by making complex judgements, including decisions (based on assumptions about economic factors) about the level and types of risk that it is willing to accept in order to achieve its business objectives, the maximum level of risk the Group can assume before breaching constraints determined by liquidity needs and its regulatory.

Significant events post reporting date

The Covid-19 pandemic lockdown that started in 2020 has continued in 2021 and it is still unclear when the series of stop-start policies will abate. The new variants of Covid-19 will continue to have a material impact on many economies globally, making forecasting difficult for economists and businesses alike. However, given the Group's performance in 2020 we remain confident that we are well positioned across the board and we look to the future with confidence.

Since the year end Oxygen has updated its Management Incentive Plan ("Oxygen MIP"). Under the Oxygen MIP, as reported at the time of TruFin's IPO, participants are entitled to 12.5% of the growth in the value of Oxygen Finance Group over a set hurdle at the time of a sale or flotation of Oxygen Finance Group. This hurdle has now been realigned to reflect only the aggregate amount invested in Oxygen Finance Group, by the Company or any subsidiary or holding company of the Company (by way of either debt or equity), since the TruFin IPO.

Finally, it is important to note the recent 53.83% stake sale by Arrowgrass, on 5 February 2021, to a large number of institutional shareholders. This secondary placing has resulted in a considerably broadened and strengthened shareholder base for TruFin. I would like to thank Arrowgrass personally for their investment into and ongoing support for TruFin over the last three years in the face of considerable uncertainty.

James van den Bergh
Chief Executive Officer
16 April 2021

REPORT OF THE DIRECTORS
For the year ended 31 December 2020

The Directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2020.

Principal activity

The principal activities of the Group in the year under review were those of providing niche lending, early payment services and video games publishing.

Dividends

The Directors have confirmed that no dividends have been declared for the year to 31 December 2020 (2019: £nil). The Directors' current view is that the earnings of Group will first be reinvested in the businesses to fund the Group's growth strategy and any surplus cash, if not reinvested in the foreseeable future, will be returned to shareholders.

Events since the end of the year

The Covid-19 pandemic lockdown that started in 2020 has continued in 2021 and it is still unclear when the series of stop-start policy changes will abate. The new variants Covid-19 will continue to have a material impact on many economies globally, making forecasting difficult for economists and businesses alike. However, given the Group's performance in 2020 we remain confident that we are well positioned across the board and we look the future with confidence.

Directors

The Directors who held office during the year and up to the date of the Directors' report were as follows:

James van den Bergh

Steve Baldwin

Penny Judd

Paul Dentskevich

Stephen Greene (appointed 29 April 2020)

Simon Henry Kenner (resigned 26 June 2020)

The Directors' interests in the shares of TruFin plc, all of which were beneficial interests, at 31 December 2020 are as follows:

Number of Shares	2020	2019
J van den Bergh	165,982	165,982
P Judd	24,723	24,723
Shares jointly held by the trustee of the Company's employee benefit trust (the "EBT") and J van den Bergh	791,118	1,186,678

During the year 395,560 shares that were jointly held by the EBT and James van den Bergh vested. 395,560 shares became fully owned by the EBT. James van den Bergh holds a nil cost option in respect of 791,118 shares.

Directors insurance and indemnities

Throughout the year the Company has maintained Directors and Officers liability insurance for the benefit of the Company, the Directors and its officers. The Directors consider the level of cover appropriate for the business and will remain in place for the foreseeable future.

Significant shareholders

The following parties held greater than 3% of the issued share capital of TruFin plc as at 31 December 2020:

	Number of shares	% of issued share capital
Arrowgrass Master Fund Limited ("AMFL")	59,663,945	73.82%
Watrium AS	8,236,657	10.19%
Liontrust Asset Management	2,938,523	3.64%

On 5 February 2021, AMFL sold 43,507,587 shares, which reduced its holding to 19.99% of the Company's issued share capital. As a result of this transaction Watrium AS increased its holdings to 21.02%.

Statement of Directors' responsibility

The Directors are required by the Companies (Jersey) Law 1991, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the company for that period. The directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions. These records must disclose with reasonable accuracy at any time the financial position of the Company and enable the Directors to ensure that any financial statements prepared comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and, hence, for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

Statement of Going Concern

The directors have completed a final assessment of the Group's financial resources, including forecasts. Based on this review, the directors believe that the Group is well placed to manage its business risks successfully within the expected economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Corporate Governance and Internal Controls

The Directors acknowledge the importance of high standards of corporate governance and how the Board and its committees operate. The corporate governance framework which TruFin operates, including Board leadership and effectiveness, board remuneration, and internal control is based upon practices which the board believes are proportional to the size, risks, complexity and operations of the business and is reflective of the Group's values.

The Board has decided to adhere to the Quoted Companies Alliance's Corporate Governance Code ("QCA Code") for small and mid-size quoted companies (revised in April 2018 to meet the new requirements of AIM Rule 26). The QCA Code is constructed around ten broad principles and a set of disclosures. The QCA itself has stated what it considers to be appropriate arrangements for growing companies and asks companies to provide an explanation about how they are meeting the principles through the prescribed disclosures.

The Board has considered how it applies each principle and the extent to which the Board judges these to be appropriate in the circumstances. Details of how TruFin adhere to these principles can be found on our website www.TruFin.com.

In line with the QCA Code, the Board and Committees conducted a formal performance evaluation process during the year. The process was carried out by way of tailored questionnaires completed by each member of the Board and Committees.

With respect to the Board, the question covered a variety of topics, including the composition of the Board, the quality and timeliness of information provided to the Board, succession planning and shareholder engagement. In general, the responses found the Board comprises an appropriate balance of skills and experience and that it is operating effectively.

The Board comprises one Executive Director and four Non-Executive Directors, three of which are independent.

Brief biographies of the Directors are set out below:

James van den Bergh – *Chief Executive Officer*

James possesses over 16 years of investment banking and capital markets experience. James led the alternative finance team at Arrowgrass Capital Partners since its inception in 2013 to its transfer to TruFin. James began his career at Merrill Lynch before transitioning into investment management in 2003. James was formerly a partner at SAC Capital Advisors, Walter Capital Management LLP and Ivaldi Capital LLP. James is a Chartered Financial Analyst (CFA) Charterholder.

Steve Baldwin – *Chairman (appointed Chairman 26 June 2020, previously Senior Independent Non-Executive Director)*

Steve has an extensive corporate finance background and is currently a Non-Executive Director at The Edinburgh Investment Trust plc, Plus500 Limited and Wings Holdings Limited. He is also a Trustee at Howard de Walden Estate Limited. Steve was the Head of European Equity Capital Markets and Corporate Broking at Macquarie Capital until February 2015. Prior to this, Steve was a Director at JPMorgan Cazenove for ten years and was a Vice President of Corporate Finance at UBS from 1995 to 1998. Steve qualified as a Chartered Accountant.

Penny Judd – *Independent Non-Executive Director*

Penny has over 30 years of experience in Compliance, Regulation, Corporate Finance and Audit and is currently a Non-Executive Director, Chair of the Board and the Chair of the Regulatory and Risk Committee of FTSE 250 listed Plus500 Ltd.

She is also a Non-Executive Director, Senior Independent Director and Chair of the Audit Committee of AIM listed Alpha Financial Management Consulting plc and a Non-Executive Director and Chair of the Audit Committee of AIM listed Team17 plc.

Penny started her career at KPMG qualifying as a chartered accountant and specialising in Audit and Corporate Finance before joining the London Stock Exchange where she was Head of Equity Markets at the UKLA. She then moved to Cazenove & Co as a corporate financier and was a consultant at the London Investment Banking Association before moving into a career in Compliance. Penny was a Managing Director and EMEA Head of Compliance firstly for UBS Limited and then Nomura International Plc before moving into her current portfolio career.

Paul Dentskevich – *Independent Non-Executive Director*

Paul has over 30 years of financial services experience, specialising in risk management, investment management and corporate governance of hedge and other multi-asset funds. Paul is currently Risk Director at

Crestbridge and Chairman of the Risk Committee at Standard Life Aberdeen. Paul was previously at Brevan Howard from 2008 to 2015, where he was a member of the Manager's investment committee. Paul is currently a Director at Signal Credit GP Limited, Signal Alpha II CP Limited and CloverTree Opportunities Fund Limited. Paul has a PhD in Economics from Imperial College London.

Stephen Greene – *Non-Executive Director*

Stephen has investment banking, investing and capital markets experience, previously holding positions at Keel Harbour Capital Limited, Arrowgrass Capital Partners, RMG Wealth Management, ACPI Investments and Deutsche Bank. Having recently transitioned into more technology focused roles, specifically within financial services and artificial intelligence, Stephen currently serves as a Non-Executive Director of Distribution Finance Capital Holdings plc, Managing Director of Orsus Ventures Limited and formerly served as Managing Director of Satalia. Stephen is a CFA Charterholder.

Stephen was appointed to the Board as Director Representative of Arrowgrass Master Fund Limited on 29 April 2020 pursuant to the relationship agreement entered into with Arrowgrass Master Fund Limited at IPO. Stephen also sits on the boards of Vertus Capital Limited, Playstack Limited, Oxygen Finance Group Limited and Oxygen Finance Limited.

Our Committees

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee each with written terms of reference and agreed schedules of work.

(a) Audit Committee

The Audit Committee is chaired by Penny Judd. Its other members are Steve Baldwin and Paul Dentskevich The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It receives and reviews reports from the Company's management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee meets at least twice a year and has unrestricted access to the Company's auditors. A copy of the Audit Committee Terms of Reference can be found on our website.

(b) Remuneration Committee

The Remuneration Committee is chaired by Paul Dentskevich. Its other members are Penny Judd and Steve Baldwin. The Remuneration Committee reviews the performance of the Company's Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also makes recommendations to the Board on proposals for the granting of options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time by the Company. The remuneration and terms and conditions of appointment of the Non-Executive Directors is set by the Board. The Remuneration Committee meets formally at least once a year and otherwise as required. A copy of the Remuneration Committee Terms of Reference can be found on our website.

(c) Nomination Committee

The Nomination Committee is chaired by Steve Baldwin. Its other members are Penny Judd and Paul Dentskevich. The Nomination Committee assists the Board in discharging its responsibilities relating to the composition of the Board, performance of Board members, induction of new Directors, appointment of committee members and succession planning for senior management of the Company. The Nomination Committee is responsible for evaluating the balance of skills, knowledge, diversity and experience of the Board, the size, structure and composition of the Board, retirements and appointments of additional and replacement directors and makes appropriate recommendations to the Board on such matters including succession planning. The Nomination Committee prepares a description of the role and capabilities required for a particular appointment. The Nomination Committee meets formally at least once a year and otherwise as required. A copy of the Nomination Committee Terms of Reference can be found on our website.

Board and Committee attendance record

	Board	Committee Membership		
	Meetings attended	Nomination Committee	Audit Committee	Remuneration Committee
Henry Kenner	17 / 17	3 / 3		
James van den Bergh	23 / 23			
Steve Baldwin	22 / 23	3 / 3	2 / 2	3 / 3
Penny Judd	22 / 23	3 / 3	2 / 2	3 / 3
Paul Dentskevich	23 / 23	3 / 3	2 / 2	3 / 3
Stephen Greene	9 / 10			

Statement as to disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

ON BEHALF OF THE BOARD

Steve Baldwin
Chairman
16 April 2021

AUDIT COMMITTEE REPORT
For the year ended 31 December 2020

Members of the Committee

- Penny Judd (Chair)
- Steve Baldwin
- Paul Dentskevich

Role of the Committee

The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported on. It receives reviews reports from the Company's management and auditors related to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee meets at least twice a year and has unrestricted access to the Company's auditors. A copy of the Audit Committee Terms of Reference can be found on our website.

External Audit

The Audit Committee approves the appointment and remuneration of the Group's external auditors. They also ensure that they are satisfied with the external auditors' independence in relation to any other non-audit work undertaken by them.

Internal Audit

The Committee has considered the need for an internal audit function during the year and continues to be of the view that, given the size and nature of the Group's operations and finance team, there is no current requirement to establish a separate internal audit function.

Significant issues considered in relation to the financial statements

The Audit Committee assesses whether suitable accounting policies have been adopted and whether appropriate estimates and judgements have been made by management. The Committee also reviews accounting papers prepared by management, and reviews reports by the external auditors. The specific areas reviewed by the Committee in respect of the year were:

- appropriateness of the calculation and valuation of Goodwill recognised in the Group financial statements
- appropriateness of going concern assumptions

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF TRUFIN PLC

For the year ended 31 December 2020

Opinion

We have audited the financial statements of TruFin plc (the "parent company") and its subsidiaries (the "group") for the year ended 31 December 2020, which comprise:

- the group consolidated and parent company statements of comprehensive income for the year then ended;
- the group consolidated and parent company statements of financial position as at 31 December 2020;
- the group and parent company statements of changes in equity for the year then ended;
- the group and parent company statements of cash flows for the year then ended; and
- the notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2020 and of the group and parent company's loss for the year then ended;
- the group and parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the parent company's and group's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and reviewing the Board's assessment of going concern, which included considerations arising from the COVID-19 pandemic;
- Challenging budgets used by management in their going concern assessment by assessing the historical accuracy of the management's budgeting process by comparing the prior year budgets with actual figures and by comparing the first quarter of the 2021 budget to the actual Q1 2021 results; and
- Examining within the working capital forecasts the key inputs within the model and corroborating them through discussions with management.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £305,000 (FY19: £300,000), based on 0.5% of Total Assets (FY19: 0.5% of Total Assets).

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Board of Directors to report to it all identified errors in excess of £15,000 (2019: £15,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The group consists of TruFin plc itself, TruFin Holdings Ltd (the holding entity) and the subsidiaries as disclosed in Note 1.

All of the trading subsidiaries, excluding the non-UK registered entities, have been subject to a full scope audit. We performed analytical procedures on the non-UK registered entities which we have considered as not significant components to the Group.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion.

This is not a complete list of all risks identified by our audit.

Revenue Recognition	
Key audit matter	The Group derives its revenue from interest, fee and publishing income. During the year ended 31 December 2020, the Group recorded total gross revenue of £14,832k (FY19: £7,339k). Interest income is earned on loans and advances to customers and accounts for 17% of total revenue. Fee income is earned on payment services provided by Oxygen and subscription fees from Porge and Satago which accounts for approximately 26% of total revenue. Publishing income is earned by the companies in the Playstack group and accounts for approximately 57% of total revenue. Revenue is recognised in accordance with the accounting policy set out in the financial statements. We focus on the risk of material misstatement in the recognition of revenue, as a result of both fraud and error, because revenue is material and is an important determinant of the Group's profitability, which has a consequent impact on its share price performance.
How the scope of our audit addressed the key audit matter	• For each company in the Group, we confirmed our understanding of its business model and the services and products it delivers to its customers; • Based on that understanding, we identified when "control" passes to the customer and, consequently, when revenue is earned; • We selected a sample of contracts to confirm our understanding of the principal terms and obligations; • We confirmed our understanding of the key systems used to capture and record that income and evaluate any key controls; • Where the Group utilises third party platforms we evaluated those platforms and the safeguards management have in place to corroborate the output from those platforms; • We performed an overall analytical review and corroborated the reasons for any large and unusual variances; • For a selection of transactions, we confirmed that the recognition criteria in relation to the income earned in the period has been met; • We reviewed and tested the basis for accrued and deferred income; • We reviewed aged receivables profile and credit notes issued post year end; and • Where relevant, we reviewed and tested revenue cut off procedures.

Carrying value of goodwill and other intangible assets	
Key audit matter	The Group's intangible assets comprises of goodwill, separately identifiable intangible assets, client contracts, software licenses and project costs. When assessing the carrying value of goodwill and intangible assets, management make judgements regarding the appropriate cash generating unit, strategy, future trading and profitability and the assumptions underlying these. We considered the risk that goodwill and/or other intangible assets were impaired.
How the scope of our audit addressed the key audit matter	• We evaluated, in comparison to the requirements set out in IAS 36, management's assessment (using discounted cash flow models) as to whether goodwill and/or other intangible assets were impaired. • We challenged, reviewed and considered by reference to external evidence, management's impairment and fair value models as appropriate and their key estimates, including the discount rate. We reviewed the appropriateness and consistency of the process for making such estimates.

Carrying value of the loan book	
Key audit matter	There is a risk the loan book is not appropriately carried at the expected recoverable amount which includes the expected credit loss required under IFRS 9. We also considered the ageing analysis to ensure that an appropriate approach has been taken to dealing with any loans which are deemed past due either in terms of capital or interest.
How the scope of our audit addressed the key audit matter	• We selected a sample of agreements entered into to confirm our understanding of the principal terms and obligations. • We examined the ageing analysis to ensure that an appropriate approach has been taken to dealing with any loans which are deemed past due either in terms of capital or interest. • We challenged management in relation to the assumptions applied in the ECL model by holding discussions with the management and challenging the inputs applied in the Loss Given Default assumption used in the ECL model.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

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

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report to you in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the parent company, or proper 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
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 13, 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the parent company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies (Jersey) Law 1991 and income tax rules.

REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF TRUFIN PLC (CONTINUED)

For the year ended 31 December 2020

As part of our audit planning process we assessed the different areas of the financial statements, including disclosures, for the risk of material misstatement. This included considering the risk of fraud where direct enquiries were made of management and those charged with governance concerning both whether they had any knowledge of actual or suspected fraud and their assessment of the susceptibility of fraud. We considered the risk was greater in areas involve significant management estimate or judgement. Based on this assessment we designed audit procedures to focus on the key areas of estimate or judgement, this included specific testing of journal transactions, both at the year end and throughout the year.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Leo Malkin (Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
16 April 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Interest income	3	2,578	3,347
Fee income	3	3,846	3,445
Publishing income	3	8,408	547
Interest, fee and publishing expenses		(6,512)	(1,115)
Net revenue		**8,320**	**6,224**
Staff costs	5	(11,532)	(12,722)
Other operating expenses		(4,927)	(4,406)
Depreciation & amortisation		(799)	(963)
Net impairment gain on financial assets	8	11	18
Operating loss before share of profit from joint venture		**(8,927)**	**(11,849)**
Share of profit from associates accounted for using the equity method		–	15
Loss before tax		**(8,927)**	**(11,834)**
Taxation	2, 11	(2,476)	(3,090)
Loss from continuing operations		**(11,403)**	**(14,924)**
Loss from discontinued operations	10	–	(3,463)
Loss for the year		**(11,403)**	**(18,387)**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations		85	81
Other comprehensive income for the year, net of tax		**85**	**81**
Total comprehensive loss for the year		**(11,318)**	**(18,306)**
Loss from continuing operations attributable to:			
Owners of TruFin plc		(10,971)	(14,783)
Non-controlling interests		(432)	(141)
		(11,403)	**(14,924)**
Loss from discontinued operations attributable to:			
Owners of TruFin plc		–	(3,287)
Non-controlling interests		–	(176)
		–	**(3,463)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Total comprehensive loss for the period attributable to the owners of TruFin plc from			
Continuing operations		(10,886)	(14,702)
Discontinued operations		–	(3,287)
		(10,886)	**(17,989)**

Earnings per Share

	Notes	2020 pence	2019 pence
Basic and Diluted EPS	24	(13.6)	(19.2)
Adjusted EPS	24	(12.9)	(13.1)

COMPANY STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Revenue	3	**2,192**	**2,977**
Staff costs	5	(1,920)	(6,554)
Other operating expenses		(975)	(2,786)
Depreciation & amortisation		(1)	(167)
Loss before tax		**(704)**	**(6,530)**
Taxation	11	–	–
Loss for the year		**(704)**	**(6,530)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Assets			
Non-current assets			
Intangible assets	12	21,041	20,571
Property, plant and equipment	13	140	237
Deferred tax asset	11	43	2,503
Loans and advances	16	9,301	–
Total non-current assets		**30,525**	**23,311**
Current assets			
Cash and cash equivalents		17,728	6,971
Loans and advances	16	5,359	27,705
Trade receivables	17	1,992	1,075
Other receivables	17	1,962	2,932
Total current assets		**27,041**	**38,683**
Total assets		**57,566**	**61,994**
Equity and liabilities			
Equity			
Issued share capital	18	73,548	73,548
Retained earnings		(10,730)	(63)
Foreign exchange reserve		45	(40)
Other reserves		(24,395)	(24,395)
Equity attributable to owners of the company		**38,468**	**49,050**
Non-controlling interest	22	1,268	1,293
Total equity		**39,736**	**50,343**
Liabilities			
Non-current liabilities			
Borrowings	19	8,507	–
Total non-current liabilities		**8,507**	**–**
Current liabilities			
Borrowings	19	2,204	6,194
Trade and other payables	20	7,119	4,757
Provision for commitments and other liabilities	7	–	700
Total current liabilities		**9,323**	**11,651**
Total liabilities		**17,830**	**11,651**
Total equity and liabilities		**57,566**	**61,994**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 31 December 2020

The notes on pages 35 to 84 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 16 April 2021. They were signed on its behalf by:

James van den Bergh
Chief Executive Officer

COMPANY STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	2020 £'000	2019 £'000
Assets			
Non-current assets			
Property, plant and equipment	13	–	1
Investments in subsidiaries	15	30,189	30,189
Amounts owed by group undertakings		47,066	49,083
Total non-current assets		**77,255**	**79,273**
Current assets			
Cash and cash equivalents		578	184
Trade and other receivables	17	658	195
Total current assets		**1,236**	**379**
Total assets		**78,491**	**79,652**
Equity and liabilities			
Equity			
Issued share capital	18	73,548	73,548
Retained earnings		(5,165)	(5,006)
Other reserves		8,966	8,966
Total equity		**77,349**	**77,508**
Liabilities			
Current liabilities			
Trade and other payables	20	1,142	1,444
Provisions		–	700
Total current liabilities		**1,142**	**2,144**
Total liabilities		**1,142**	**2,144**
Total equity and liabilities		**78,491**	**79,652**

The notes on pages 35 to 84 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 16 April 2021. They were signed on its behalf by:

James van den Bergh
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Share capital £'000	Retained earnings £'000	Foreign exchange reserve £'000	Other reserves £'000	Total £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 January 2020	**73,548**	**(63)**	**(40)**	**(24,395)**	**49,050**	**1,293**	**50,343**
Loss for the year	–	(10,971)	–	–	(10,971)	(432)	(11,403)
Other comprehensive income for the year	–	–	85	–	85	–	85
Total comprehensive loss for the year	**–**	**(10,971)**	**85**	**–**	**(10,886)**	**(432)**	**(11,318)**
Share based payment	–	545	–	–	545	–	545
Issuance of subsidiary shares to employees	–	(322)	–	–	(322)	488	166
Adjustment arising from change in non-controlling interest	–	81	–	–	81	(81)	–
Balance at 31 December 2020	**73,548**	**(10,730)**	**45**	**(24,395)**	**38,468**	**1,268**	**39,736**
Balance at 1 January 2019	**185,000**	**15,375**	**(121)**	**(50,261)**	**149,993**	**3,255**	**153,248**
IFRS 16 adjustment	–	(18)	–	–	(18)	1	(17)
Revised Balance at 1 January 2019	**185,000**	**15,357**	**(121)**	**(50,261)**	**149,975**	**3,256**	**153,231**
Loss for the year	–	(14,783)	–	–	(14,783)	(141)	(14,924)
Other comprehensive income for the year	–	–	81	–	81	–	81
Loss from discontinued operations	–	(3,287)	–	–	(3,287)	(176)	(3,463)
Total comprehensive loss for the year	**–**	**(18,070)**	**81**	**–**	**(17,989)**	**(317)**	**(18,306)**
Acquisition of subsidiaries	–	–	–	–	–	1,435	1,435
Demerger of subsidiary	(96,395)	(13,916)	–	34,866	(75,445)	(3,081)	(78,526)
Share buyback	(15,057)	5,057	–	–	(10,000)	–	(10,000)
Share based payment	–	2,509	–	–	2,509	–	2,509
Reduction of capital	–	9,000	–	(9,000)	–	–	–
Balance at 31 December 2019	**73,548**	**(63)**	**(40)**	**(24,395)**	**49,050**	**1,293**	**50,343**

The notes on pages 35 to 84 are an integral part of these financial statements

Share capital

Share capital represents the nominal value of equity share capital issued.

Retained earnings

The retained earnings reserve represents cumulative net gains and losses.

Foreign exchange reserve

The foreign exchange reserve represents exchange differences which arise on consolidation from the translation of the financial statements of foreign subsidiaries.

Other reserves

Other reserves consist of the merger reserve and the share revaluation reserve.

The merger reserve arose as a result of combining businesses that are under common control. As at 31 December 2020 it was a debit balance of £33,360,000 (2019: £33,360,000)

The share revaluation reserve arose from the share cancellation that took place in February 2018. As at 31 December 2020 its balance was £8,966,000 (2019: £8,966,000).

Non-Controlling Interest

The non-controlling interest relates to the minority interest held in Bandana Media Limited, Playstack OY, Vertus Capital Limited, Vertus SPV1 Limited, Satago Financial Solutions Limited, Satago SPV1 Limited, Satago SPV2 Limited, Altlending Limited and Satago z.o.o.

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Share capital £'000	Retained earnings £'000	Other reserves £'000	Total equity £'000
Balance at 1 January 2020	**73,548**	**(5,006)**	**8,966**	**77,508**
Total comprehensive loss for the year	–	(704)	–	(704)
Share based payment	–	545	–	545
Balance at 31 December 2020	**73,548**	**(5,165)**	**8,966**	**77,349**
Balance at 1 January 2019	**185,000**	**(6,033)**	**8,966**	**187,933**
IFRS 16 adjustment	–	(9)	–	(9)
Revised balance at 1 January 2019	**185,000**	**(6,042)**	**8,966**	**187,924**
Total comprehensive loss for the year	–	(6,530)	–	(6,530)
Share buyback	(15,057)	5,057	–	(10,000)
Demerger of subsidiary	(96,395)	–	–	(96,395)
Share based payment	–	2,509	–	2,509
Balance at 31 December 2019	**73,548**	**(5,006)**	**8,966**	**77,508**

The notes on pages 35 to 84 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	2020 £'000	2019 £'000
Cash flows from operating activities		
Loss before income tax		
Continuing operations	(8,927)	(11,849)
Discontinued operations	–	(3,463)
Adjustments for		
Depreciation of property, plant and equipment	128	307
Amortisation of intangible fixed assets	1,209	1,032
Share based payments	545	2,509
(Decrease)/increase in provision	(700)	506
Finance costs	412	39
Impairment of intangible assets	222	186
Fair value increase of demerged subsidiary	–	(2,618)
Underlying trading loss on discontinued operations	–	2,963
	(7,111)	**(10,388)**
Working capital adjustments		
Movement in Loans and advances	13,045	770
Decrease/(increase) in trade and other receivables	30	(2,637)
Increase in trade and other payables	2,384	1,165
Net payables on acquisition of subsidiary	–	1,162
IFRS 16 adjustment	–	(462)
	15,459	**(2)**
Tax paid	(17)	(36)
Interest and finance costs paid	(276)	(357)
Net cash from/(used in) operating activities	**8,055**	**(10,783)**
Cash flows from investing activities:		
Additions to intangible assets	(1,905)	(1,695)
Additions to property, plant and equipment	(31)	(38)
Acquisition of subsidiaries	–	(1,105)
Movement in loans in year to subsidiaries pre acquisition	–	(7,201)
Cash from acquisition of subsidiaries	–	516
Disposal of equity investment	–	44,500
Net cash generated (used in)/from investing activities	**(1,936)**	**34,977**
Cash flows from financing activities:		
Issue of ordinary share capital of subsidiary	166	30
New borrowings	4,382	5,329
Share buybacks	–	(10,000)
Net cash generated from financing activities	**4,548**	**(4,641)**
Net increase in cash and cash equivalents from continuing operations	**10,667**	**19,553**
Net cash from discontinued operations	**–**	**(37,556)**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2020

Cash and cash equivalents at beginning of the year	6,971	24,888
Effect of foreign exchange rate changes	90	86
Cash and cash equivalents at end of the year	**17,728**	**6,971**

All cash and cash equivalents are cash at bank.

The notes on pages 35 to 84 are an integral part of these financial statements

COMPANY STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	2020 £'000	2019 £'000
Cash flows from operating activities		
Loss before income tax	(704)	(6,530)
Adjustments for:		
Depreciation of property, plant and equipment	1	167
Fair value of intangible fixed assets	–	(2,618)
Share based payments	545	2,509
Decrease/(increase) in provision	(700)	700
	(858)	**(5,772)**
Working capital adjustments		
(Increase)/decrease in trade and other receivables	(369)	190
(Decrease)/increase in trade and other payables	(304)	140
	(673)	**330**
Net cash used in operating activities	**(1,531)**	**(5,442)**
Cash flows from investing activities		
Decrease in intragroup loans	1,925	7,178
Net cash generated from investing activities	**1,925**	**7,178**
Cash flows from financing activities		
Share buyback	–	(10,000)
Net cash used in financing activities	**–**	**(10,000)**
Net increase/(decrease) in cash and cash equivalents	**394**	**(8,264)**
Cash and cash equivalents at beginning of the year	184	8,448
Cash and cash equivalents at end of the year	**578**	**184**

All cash and cash equivalents are cash at bank.

The notes on pages 35 to 84 are an integral part of these financial statements.

Statutory information

TruFin plc is a Company registered in Jersey and incorporated under Companies (Jersey) Law 1991. The Company's ordinary shares were listed on the Alternative Investment Market of the London Stock Exchange on 21 February 2018. The address of the registered office is 26 New Street, St Helier, Jersey, JE2 3RA.

1. Accounting policies

General information

The TruFin Group (the "Group") is the consolidation of TruFin plc and the companies set out in the "Basis of consolidation" (below).

The principal activities of the Group are the provision of niche lending, early payment services and mobile game publishing.

The financial statements are presented in Pounds Sterling, which is the currency of the primary economic environment in which the Group operates. Amounts are rounded to the nearest thousand.

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Prior to 29 November 2017 and before the incorporation of TruFin plc and TruFin Holdings, the entities named above were under common control and therefore, have been accounted for as a common control transaction – that is a business combination in which all the combining entities or businesses are ultimately controlled by the same company both before and after the combination. IFRS 3 provides no specific guidance on accounting for entities under common control and therefore other relevant standards have been considered. These standards refer to pooling of assets and merger accounting and this is the methodology that has been used to consolidate the Group.

After 29 December 2017, post the reorganisation, the entities constitute a legal group and accordingly the consolidated financial statements have been prepared by applying relevant principles underlying the consolidation procedures of IFRS.

Basis of preparation

The results of the Group companies have been included in the consolidated statement of comprehensive income. Where necessary, adjustments have been made to the underlying financial information of the companies to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The consolidated financial statements contained in this document consolidates the statements of total comprehensive income, statements of financial position, cash flow statements, statements of changes in equity and related notes for each of the companies listed in the "Basis of consolidation" below, which have been prepared in accordance with IFRS.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Basis of consolidation

The consolidated financial statements include all of the companies controlled by the Group, which are as follows:

Entities	Country of incorporation	Registered address	Nature of the business	% voting rights and shares held
TruFin Holdings Limited ("THL")	Jersey	26 New Street, St Helier, Jersey JE2 3RA	Holding Company	100% of ordinary shares
Satago Financial Solutions Limited ("Satago")	UK	48 Warwick Street, London, United Kingdom, W1B 5AW	Provision of short term finance	85.1% of ordinary shares*
Satago SPV 1 Limited ("Satago SPV 1") – incorporated on 11 September 2019	UK	48 Warwick Street, London, United Kingdom, W1B 5AW	Provision of short term finance	85.1% of ordinary shares*
Satago SPV 2 Limited ("Satago SPV 2") – incorporated on 8 January 2020	UK	48 Warwick Street, London, United Kingdom, W1B 5AW	Provision of short term finance	85.1% of ordinary shares*
Satago z.o.o (Satago Poland)	Poland	32-023 Krakow ul. Sw. Krzyza 19/6 Poland	Provision of short term finance	85.1% of ordinary shares*
Oxygen Finance Group Limited ("OFGL") (together with OFL and OFAI) ("Oxygen")	UK	Cathedral Place, 42-44 Waterloo Street, Birmingham, United Kingdom, B2 5QB	Holding Company	91.4% of ordinary shares**
Oxygen Finance Limited ("OFL")	UK	Cathedral Place, 42-44 Waterloo Street, Birmingham, United Kingdom, B2 5QB	Provision of early payment services	91.4% of ordinary shares**
Oxygen Finance Americas, Inc ("OFAI")	USA	Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801, USA	Provision of early payment services	91.4% of ordinary shares**
Porge Ltd ("Porge") ***	UK	Cathedral Place, 42-44 Waterloo Street, Birmingham, United Kingdom, B2 5QB	Provision of market research information.	91.4% of ordinary shares**
TruFin Software Limited ("TSL")	UK	48 Warwick Street, London, United Kingdom, W1B 5AW	Provision of technology services	100% of ordinary shares
AltLending UK Limited ("AltLending")	UK	48 Warwick Street, London, United Kingdom, W1B 5AW	Provision of short term finance	85.1% of ordinary shares*
Vertus Capital Limited ("Vertus Capital") (together with Vertus SPV 1 Limited) ("Vertus")	UK	Building 1 Chalfont Park, Gerrards Cross, United Kingdom, SL9 0BG	Provision of short term finance	51% of ordinary shares
Vertus Capital SPV 1 Limited ("Vertus SPV 1")	UK	Building 1 Chalfont Park, Gerrards Cross, United Kingdom, SL9 0BG	Provision of short term finance	51% of ordinary shares
Playstack Limited ("Playstack")****	UK	56a Poland Street, London United Kingdom, W1F 7NN	Publishing of computer games	100% of ordinary shares
Bandana Media Limited ("Bandana")****	UK	56a Poland Street, London United Kingdom, W1F 7NN	Publishing of computer games	72% of ordinary shares
PlayIgnite Ltd ("PlayIgnite")****	UK	56a Poland Street, London United Kingdom, W1F 7NN	Business and domestic software developer	100% of ordinary shares
Playtest Limited ("Playtest")**** - dissolved on 24 March 2020	UK	56a Poland Street, London United Kingdom, W1F 7NN	Publishing of computer games	100% of ordinary shares
Playstack z.o.o ("PS Poland") ****	Poland	Kamienna 21, 31-403 Krakow, Poland	Publishing activities in the field of computer games	100% of ordinary shares
Playstack OY ("PS Finland")****	Finland	Mikonkatu 17 B, 00100 Helsinki, Finland	Publishing activities in the field of computer games	75% of ordinary shares
Playstack AB ("PS Sweden")**** - renamed from Foxgloves Studios AB on 8 October 2020	Sweden	Solbergavägen 17, 17998 Färentuna, Sweden	Developing, publishing and selling electronic games	100% of ordinary shares – (80% until 8 October 2020)
Playstack Inc ("Playstack USA")****	USA	Gust Delaware, 16192 Coastal Hwy, Lewes, DE 19958	Publishing of computer games	100% of ordinary shares
PlayIgnite Inc ("PlayIgnite USA")****	USA	Cogency Global Inc, 850 New Burton Road, Suite 201, Dover	Business and domestic software	100% of ordinary shares

	DE 19904	developer

* Following the grant of the Satago Management Incentive Plan (“Satago MIP”), the effective economic ownership of these companies is 93.7% based on their Statements of Financial Position at the Reporting Date.

** Nominal ownership of these companies is 91.4% due to the Oxygen Management Incentive Plan (“Oxygen MIP”). Effective economic ownership is 100% based on their Statements of Financial Position at the Reporting Date.

*** On 31 August 2020, OFL purchased the Trade and Assets of Porge. The purchase price was set at the Net Book Value of the assets acquired at the time of the transaction.

**** These companies (together the “Playstack Group”) were acquired on 11 September 2019. The Group had a 40% interest in PlayIgnite prior to this date and until then was accounted for using the equity method. The Playstack Group acquisition also include 4 associate companies incorporated in the UK which have been accounted for using the equity method. These are:

- A 49% interest in PlayFinder Games Ltd
- A 49% interest in Snackbox Games Ltd
- A 42% interest in Military Games International Ltd
- A 26% interest in Stormchaser Games Ltd

Principal accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been applied consistently to all the financial periods presented.

The consolidated financial statements have been prepared in accordance with European Union Endorsed International Financial Reporting Standards (IFRSs) and the IFRS Interpretations Committee (formerly the International Financial Reporting Interpretations Committee (IFRIC)) interpretations. These statements have been prepared on a going concern basis and under the historical cost convention except for the treatment of certain financial instruments.

Going concern

The Group’s forecasts and projections, taking into account reasonable possible changes in trading performance, show that the Group should be able to operate in the foreseeable future. As a consequence, the Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors have adopted the going concern basis in preparing these financial statements. This assessment takes into consideration the potential uncertainties arising from Covid-19 mentioned earlier in the report.

Revenue recognition

Net revenue

Interest income and expense

Interest income and expense for all financial instruments except for those classified as held for trading or measured or designated as at Fair Value Through Profit and Loss (“FVTPL”) are recognised in “Net revenue” as “Interest income” and “Interest, fee and publishing expenses” in the profit or loss account using the effective interest method.

The Effective Interest Rate (“EIR”) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs and all other premiums or discounts.

The interest income/expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (that is, to the amortised cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortised cost of financial liabilities.

For credit-impaired financial assets, as defined in the financial instruments accounting policy, the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets, that is, to the gross carrying amount less the allowance for Expected Credit Losses ("ECLs").

Fee income

Fee income for the Group is earned from payments services fees provided by Oxygen and subscription fees from Porge and Satago.

Payment services provided by Oxygen comprises the following elements:

Early Payment Programme Services ("EPPS") contracts

Oxygen's EPPS generate rebates (i.e. discounts on invoice value) for its clients by facilitating the early payment of supplier invoices. Oxygen's single performance obligation is to make its intellectual property and software platform available to its clients for the duration of their contracts.

Oxygen bills its clients monthly for a contractually agreed share of supplier rebates generated by their respective Early Payment Programmes during the previous month. This revenue is recognised in the month the rebates are generated.

Implementation fees

Oxygen Implementation fees

Implementation fees are charged to some clients in establishing a client's technological access to the EPPS and in otherwise readying a client to benefit from the Services. Establishing access to the company's intellectual property and software platform does not amount to a distinct service as the client cannot benefit from the initial access except by the company continuing to provide access for the contract period. Where an implementation fee is charged, it is therefore a component of the aggregate transaction price of the EPPS. Accordingly, such revenue is initially deferred and then recognised in the statement of comprehensive income over the life of the related EPPS.

Satago Implementation fees

Implementation fees have also been recognised by Satago in full on the signing of new contracts with partners.

Consultancy fees

Oxygen provides stand-alone advisory services to clients. Revenue is accrued as the underlying services are provided to the client.

Subscription fees

Insight services subscription fees

The Insight Services offered by OFL (previously within Porge) provide focussed public sector procurement data and analytics on a subscription basis. Clients cover both the Private sector, enabling them to improve and develop their engagement with the public sector, and Public sector organisations, enabling them to make more informed procurement decisions. Subscriptions are typically received in advance and recognised over the length of the contract as access to the database is provided.

Satago subscription fees

These are monthly fees for access to Satago's platform. Subscriptions are received in advance and recognised during the month the subscription relates to.

Fee expenses

Fee expenses are directly attributable costs, associated with the Oxygen's EPPS. The expenses include amortisation arising from capitalised contract costs incurred directly through activities which generate fee income. Amortisation arising from other intangible assets is recognised in depreciation and amortisation of non-financial assets before operating profit/loss.

Publishing income

Publishing income for the Group is earned by companies in the Playstack Group and comprises the following elements. Publishing income is recognised at the fair value of consideration received or receivable for goods and services provided and is shown net of VAT and any other sales taxes. The fair value takes into account any trade or volume discounts and commission retained.

In App Purchases (IAP) revenue

IAP revenue is earned on the sale of mobile games and features within those games. It is recognised when the game or feature is sold.

Advertising revenue

Advertising revenue is earnings from featuring third party advertising within mobile games. It is recognised when these advertisements are featured within the games.

Console revenue

Console revenue is earned on the sale of video games for consoles. It is recognised when the game is sold.

Brand revenue

Brand revenue is when a mobile game player signs up to an advertised brand in a mobile game. Revenue is recognised when the brand has confirmed acquisition of the customer.

Publishing expenses

Publishing expenses are directly attributable costs, associated with the Playstack Group's publishing income. These costs are included at their invoiced value and are net of VAT and any other sales tax.

Other income from financial instruments

Dividends from equity investments measured at Fair Value Through Other Comprehensive Income ("FVTOCI") are recognised in profit and loss when the Group becomes entitled to them.

For financial instruments that are classified as FVTPL, any interest or fee income is included in the profit and loss account within the fair value gain or loss.

Debt securities are measured at fair value through other comprehensive income. The securities are measured at their closing bid prices at the reporting date with any unrealised gain or loss recognised through other comprehensive income.

The Group presently holds no financial instruments for trading or hedging purposes, nor has it designated any other items as FVTPL.

Operating profit/loss

Operating profit/loss is net interest and fee income less staff costs, depreciation and amortisation, impairment loss on financial assets and other operating expenses.

Foreign currencies

The results and financial position of each group company are expressed in Pounds Sterling, which is the functional currency of the UK based members of the Group and the presentation currency for the consolidated financial statements.

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the consolidated statement of comprehensive income.

In preparing the consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at the exchange rate at the reporting date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, are recognised in other comprehensive income and are accumulated in the Foreign exchange reserve equity section.

Property, plant and equipment

All property, plant and equipment is stated at historical cost (or deemed historical cost) less accumulated depreciation and less any identified impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its estimated residual value on a straight line basis at the following annual rates:

Leasehold improvements	–	5 years
Office equipment	–	3 years
Computer equipment	–	3 -5 years

Useful economic lives and estimated residual values are reviewed annually and adjusted as appropriate.

Intangible and contract assets

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured.

Intangible assets with finite lives are stated at acquisition or development cost less accumulated amortisation and less any identified impairment. The amortisation period and method is reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate and are treated as changes in accounting estimates.

Computer software

Computer software which has been purchased by the Group from third party vendors is measured at initial cost less accumulated amortisation and less accumulated impairments.

Computer software also comprises internally developed platforms and the costs directly associated with the production of these identifiable and unique software products controlled by the Group. They are probable of producing future economic benefits. They primarily include employee costs and directly attributable overheads.

Internally generated intangible assets are only recognised by the Group when the recognition criteria have been met in accordance with IAS 38: Intangible Assets as follows:

- expenditure can be reliably measured;

- the product or process is technically and commercially feasible;
- future economic benefits are likely to be received;
- intention and ability to complete the development; and
- view to either use or sell the asset in the future.

The Group will only recognise an internally-generated asset should it meet all the above criteria. In the event of a development not meeting the criteria it will be recognised within the statement of profit or loss in the period incurred.

Capitalised costs include all directly attributable costs to the development of the asset. Internally generated assets are measured at capitalised cost less accumulated amortisation less accumulated impairment losses. The internally generated asset is amortised at the point the asset is available for use or sale. The asset is amortised on a straight-line basis over the useful economic life with the remaining useful economic life and residual value being assessed annually.

Any subsequent expenditure on the internally generated asset is only capitalised if the cost increases the future economic benefits of the related asset. Otherwise all additional expenditure should be recognised through the statement of profit or loss in the period it occurs.

Contract assets

Contract assets comprise the directly attributable costs incurred at the beginning of an Early Payment Scheme Service contract to revise a client's existing payment systems and provide access to the Group's software and other intellectual property. These implementation (or "set up") costs are comprised primarily of employee costs.

Amortisation is charged to the statement of comprehensive income over the estimated useful lives of intangible assets from the date they are available for use, on a straight-line basis. The amortisation basis adopted for each class of intangible asset reflects the Group's consumption of the economic benefit from that asset.

Estimated useful lives

The estimated useful lives of finite intangible assets are as follows:

Computer software	–	3 -5 years
Contract assets	–	Life of underlying contract (typically 5 years)

Goodwill

Goodwill arising on acquisition represents the excess cost of a business combination over the fair values of the Group's share of the identifiable assets and liabilities at the date of the acquisition. When part of the consideration transferred by the Group is deferred or contingent, this is valued at its acquisition date fair value, and is included in the consideration transferred in a business combination. Changes in the deferred or contingent consideration, which occur in the measurement period, are adjusted retrospectively, with corresponding adjustments to goodwill.

Goodwill is not amortised but is reviewed at least annually for impairment. For the purpose of impairment testing, goodwill is allocated to each Cash Generating Unit ("CGU"). Each CGU is consistent with the Group's primary reporting segment. Any impairment is recognised immediately through the income statement and is not subsequently reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

Assets classified as held for sale

Whilst assessing whether any assets should be classified as held for sale, the management of the Group ensure that the status of the asset satisfies all of the following criteria as set out within IFRS 5:

- the carrying amount of the asset will be recovered principally through a sale transaction rather than through continuing use;
- the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;
- its sale must be highly probable and within one year from the date of classification;
- management must be committed to a plan to sell the asset; and
- the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value.

In the event an asset satisfies the criteria, prior to reclassification the asset should be valued in accordance with IFRS accounting standards applicable to the asset in question.

At initial recognition the asset is measured at the lower of carrying amount and fair value less costs to sell. Any unrealised gains or losses are recognised in the profit and loss account.

Financial instruments

Initial recognition

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are respectively added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

Classification and reclassification of financial assets

Recognised financial assets within the scope of IFRS 9 are required to be classified as subsequently measured at amortised cost, FVTOCI or FVTPL on the basis of both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets are reclassified if and only if, the business model under which they are held is changed. There has been no such change in the allocation of assets to business models in the periods under review.

Loans and advances

Other than convertible debt instruments, loans and advances are held within a business model whose objective is to hold those financial assets in order to collect contractual cash flows. The contractual terms of the loan agreements give rise on specified dates to cash flows that are solely payments of principal and interest or fees on the principal amount outstanding.

After initial measurement, loans and advance to customers are subsequently measured at amortised cost using the Effective Interest Rate method (EIR) less impairment. Amortised cost is calculated by taking into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest and similar income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income and disclosed with any other similar losses within the line item "Net impairment losses on financial assets".

Where cash flows are significantly different from the original expectations used to determine EIR, but where this difference does not arise from a modification of the terms of the financial instrument, the Group revises its estimates of receipts and adjusts the gross carrying amount of the financial asset to reflect actual and revised estimated contractual cash flows. The Group recalculates the gross carrying amount of the financial asset as the present value of the estimated future contractual cash flows discounted at the financial instrument's original EIR. The adjustment is recognised in statement of comprehensive income as income or expense.

Convertible debt instruments

Convertible debt instruments, included within loans and advances, are held by the Group and are measured at Fair Value through Profit and Loss as they fail the contractual cash flow characteristics test required by IFRS 9 for classification under amortised cost. Movements in the fair value of these assets are recognised in the profit and loss account.

Trade and other receivables

Trade receivables do not contain any significant financing component and accordingly are recognised initially at transaction price, and subsequently measured at cost less expected credit losses.

Investments in equity shares

Prior to its disposal the Group's investment in the equity shares of Zopa was not held for trading. The Group made an irrevocable election to classify and subsequently measure the investment at FVTOCI. Movements in the fair value of the investment were recognised in the statement of other comprehensive income and were not reclassified to profit on loss on derecognition.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the Company's financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Impairment

The Group (and Company) recognises loss allowances for Expected Credit Losses ("ECLs") on the following financial instruments that are not measured at FVTPL:

- Loans and advances;
- Other receivables;
- Trade receivables; and
- Intercompany receivables

ECLs are measured through loss allowances calculated on the following bases:

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of future economic scenarios, discounted at the asset's EIR within the current performing book.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar credit risk characteristics. The loss allowance is measured as the present value of the difference between the contractual cash flows and cash flows that the Group expects to receive using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

A financial asset that gives rise to credit risk, is referred to (and analysed in the notes to this financial information) as being in "Stage 1" provided that since initial recognition (or since the previous reporting date) there has not been a significant increase in credit risk, nor has it has become credit impaired.

For a Stage 1 asset, the loss allowance is the "12-month ECL", that is, the ECL that results from those default events on the financial instrument that are possible within 12 months from the reporting date.

A financial asset that gives rise to credit risk is referred to (and analysed in the notes to this financial information) as being in “Stage 2” if since initial recognition there has been a significant increase in credit risk but it is not credit impaired.

For a Stage 2 asset, the loss allowance is the “lifetime ECL”, that is, the ECL that results from all possible default events over the life of the financial instrument.

A financial asset that gives rise to credit risk is referred to (and analysed in the notes to this financial information) as being in “Stage 3” if since initial recognition it has become credit impaired.

For a Stage 3 asset, the loss allowance is the difference between the asset’s gross carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original EIR. Further, the recognition of interest income is calculated on the carrying amount net of impairment rather than the gross carrying amount as for stage 1 and stage 2 assets.

If circumstances change sufficiently at subsequent reporting dates, an asset is referred to by its newly appropriate Stage and is re-analysed in the notes to the financial information.

Where an asset is expected to mature in 12 months or less, the “12 month ECL” and the “lifetime ECL” have the same effective meaning and accordingly for such assets the calculated loss allowance will be the same whether such an asset is at Stage 1 or Stage 2. However, the Group monitors significant increase in credit risk for all assets so that it can accurately disclose Stage 1 and Stage 2 assets at each reporting date.

Lifetime ECLs are recognised for all trade receivables using the simplified approach.

Significant increase in credit risk – policies and procedures for identifying Stage 2 assets

The Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition in order to determine whether credit risk has increased significantly.

See note 22 for further details about how the Group assesses increases in significant credit risk.

Definition of a default

Critical to the determination of significant increases in credit risk (and to the determination of ECLs) is the definition of default. Default is a component of the Probability of Default (“PD”), changes in which lead to the identification of a significant increase in credit risk and PD is then a factor in the measurement of ECLs.

The Group’s definition of default for this purpose is:

- a counterparty defaults on a payment due under a loan agreement and that payment is more than 90 days overdue, or
- within the core invoice finance proposition, where one or more individual finance repayments are beyond 90 days overdue, management judgement is applied in considering default status of the client.
- the collateral that secures, all or in part, the loan agreement has been sold or is otherwise not available for sale and the proceeds have not been paid to the lending company; or
- a counterparty commits an event of default under the terms and conditions of the loan agreement which leads the lending company to believe that the borrower’s ability to meet its credit obligations to the lending company is in doubt.

The definition of default is similarly critical in the determination of whether an asset is credit-impaired (as explained below).

Credit-impaired financial assets – policies and procedures for identifying Stage 3 assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. IFRS 9 states that evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower;
- A breach of contract such as a default (as defined above) or past due event, or
- The Group, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the Group would not otherwise consider.

The Group assesses whether debt instruments that are financial assets measured at amortised cost or at FVTOCI are credit-impaired at each reporting date. When assessing whether there is evidence of credit-impairment, the Group takes into account both qualitative and quantitative indicators relating to both the borrower and to the asset. The information assessed depends on the borrower and the type of the asset. It may not be possible to identify a single discrete event – instead, the combined effect of several events may have caused financial assets to become credit-impaired.

See note 22 for further details about how the Group identifies credit-impaired assets.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- For financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- For loan commitments: as a provision; and
- For debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investment revaluation reserve.

Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing a financial asset are renegotiated without the original contract being replaced and derecognised and:

- The gross carrying amount of the asset is recalculated and a modification gain or loss is recognised in profit or loss;
- Any fees charged are added to the asset and amortised over the new expected life of the asset; and
- The asset is individually assessed to determine whether there has been a significant increase in credit risk.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired. The Group also derecognises the assets if it has both transferred the asset and the transfer qualifies for derecognition.

A transfer only qualifies for derecognition if either

- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Write offs

Loans and advances are written off when the Group has no reasonable expectation of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Debt securities

Debt securities are financial assets that are not held for trading and are intended to be held within a business model to collect contractual cash flows or sell. These are initially measured at fair value plus transaction costs that are directly attributable to the financial asset. Subsequently changes in the fair value are recognised in other comprehensive income except for interest calculated at the asset's EIR, foreign exchange and impairment gains and losses.

Financial liabilities

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a non-derivative contract that will or may be settled in a variable number of the Group's own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised as at the proceeds received, net of direct issue costs. Distributions on equity instruments are recognised directly in equity.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at Fair Value through Profit or Loss

Financial liabilities at FVTPL may include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

During the period under review the Group has held no financial liabilities for trading, nor designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Other financial liabilities

Interest bearing borrowings are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in “Interest and fee expenses” in the profit and loss account.

Derecognition of financial liabilities

The Group derecognises financial liabilities when and only when, the Group's obligations are discharged, cancelled or they expire.

Impairment of non-financial assets

The carrying amounts of the entity's non-financial assets, other than goodwill and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purposes of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the Cash-Generating Unit or "CGU").

Contract assets are reviewed for impairment based on the performance of the underlying contract.

Goodwill is tested annually for impairment in accordance with IFRS. The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to CGU that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if the acquired entity has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of other assets in the unit (or group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply. An impairment loss recognised for goodwill is not reversed.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Current and deferred income tax

Income tax on the result for the period comprises current and deferred income tax. Income tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Employee benefits – pension costs

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have a legal or constructive obligation to pay further amounts. Contributions to defined contribution schemes are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Provisions for commitments and other liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (discounted at the Group's weighted average cost of capital when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset only if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Merger reserve

Prior to 29 December 2017, the entities within the Group were held by Arrowgrass Master Fund Limited. On 29 December 2017, these entities were acquired by TruFin plc via TruFin Holdings Limited. The consideration provided to Arrowgrass for the companies acquired was in exchange for shares of TruFin plc based on the fair value of the underlying companies. Upon consolidation of the group, the difference between the book value of the entities and the amount of the consideration paid was accounted through a merger reserve, in accordance with relevant accounting standards relating to businesses under common control.

Investments in associates

Associates are entities in which the Group has between 20% and 50% of the voting rights, or is otherwise able to exercise significant influence, but which it does not control or jointly control. Investments in associates are accounted for under the equity method and are initially recognised at costs, including goodwill. Subsequent changes in the carrying value reflect the post-acquisition changes in the Group's share of net assets of the associate. The Group's share of its associates profits or losses is recognised in the consolidated income statement. However, when the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless the Group is obliged to make further payments to, or on behalf of the associate.

Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) and whose operating results are regularly reviewed by the Board of Directors in order to make decisions about resources to be allocated to that component and assess its performance and for which discrete financial information is available.

For the purposes of the financial statements, the Directors consider the Group's operations to be made up of four operating segments: the provision of short term finance, payment services, publishing and other operations.

The accounting policies of the reportable segments are consistent with the accounting policies of the Group as a whole.

Further details are provided in note 4.

Share based payments

Where the Group engages in share-based payment transactions in respect of services received from certain of its employees, these are accounted for as equity-settled share-based payments in accordance with IFRS 2 'Share-based payments'. The equity is in the form of ordinary shares.

The grant date fair value of a share-based payment transaction is recognised as an employee expense, with a corresponding increase in equity over the period that the employees become unconditionally entitled to the awards. In the absence of market prices, the fair value of the equity at the date of the grant is estimated using an appropriate valuation technique

The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related services and non-market vesting conditions are expected to be met such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with market performance conditions the grant date fair value of the award is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Refer to note 6 for the amounts disclosed.

Leases

Leases are accounted for under IFRS 16. IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. A model where a right-of-use asset and a corresponding liability are recognised for all leases by lessees (i.e. all on balance sheet) except for short term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

Government grants

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. These grants are deducted from the expense that the grant is related to.

2. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial information in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

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 apart from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates.

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Critical accounting judgements

- Early Payment Programme Services set up costs: the Group capitalises the direct costs of implementing Early Payment Programme Services contracts for clients. These costs are essential to the satisfaction of the Group’s performance obligation under that contract and accordingly the Group considers that these costs meet the applicable criteria for recognition as contract assets.

  The amount capitalised is disclosed in note 12.

- Deferred tax asset: There is inherent uncertainty in forecasting beyond the immediate future and significant judgement is required to estimate whether future taxable profits are probable in order to utilise the carried forward tax losses. However, in this current year and following the COVID-19 pandemic and its immediate short term impact, the Group has assessed a shorter time frame in assessing the evidence to support the recognition of a deferred tax asset in respect of carried forward tax losses for Oxygen. On the basis of this change, the deferred tax asset has been derecognised at this year end.

Other companies in the Group have carried forward losses which will be utilised against future taxable profits. However, a deferred tax asset has not been recognised for these companies, except for Vertus Capital SPV 1 as there is uncertainty surrounding the timing of when these losses will be used.

Refer to note 11 for more information on the deferred tax asset.

- The accounts of the trustee (the "EBT Trustee") of the Company's Employee Benefit Trust ("EBT") have not been consolidated as it is the Directors' opinion that the Company does not have control over the EBT. The EBT is a discretionary trust, which means that the EBT Trustee has discretion how to act, provided that the action taken by the EBT Trustee is considered by the EBT Trustee to be in the interest of one of more EBT beneficiaries (being employees and former employees (and certain of their relatives) of the Company and its subsidiaries.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Expected credit losses

- Where an asset has a maturity of 12 months or less, the "12 month ECL" and the "lifetime ECL" have the same effective meaning and accordingly for such assets the calculated loss allowance will be the same whether such an asset is at stage 1 or stage 2.
- The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon and is a key input to the ECL calculation. The Group primarily uses credit scores from credit reference agencies to calculate the PD for loans and advances. The score is a 12-month predictor of credit failure and, in the absence of internally generated loss history, the Group believes that it provides the best proxy for the credit quality of the loan portfolio.
- Exposure At Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities and accrued interest from missed payments.
- Loss Given Default ("LGD") is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, in particular taking into account wholesale collateral values and certain buy back options.

Measurement of fair values of level 3 instruments

In estimating the fair value of a financial asset or liability, the Group uses market observable data to the extent that it is available. Where such level 1 inputs are not available, the Group uses valuation models to estimate the fair value of its financial instruments.

Refer to note 14 for more information on fair value measurement.

3. Gross revenue

Group	2020 £'000	2019 £'000
Revenue		
Interest income	2,578	3,347
Total interest income	**2,578**	**3,347**
EPPS contracts	2,243	2,502
Consultancy fees	288	45
Implementation fees*	301	–
Subscription fees	1,014	898
Total fee income	**3,846**	**3,445**
IAP revenue	410	223
Advertising revenue	410	181
Console revenue	7,500	98
Brand revenue	88	45
Total publishing income	**8,408**	**547**
Gross revenue	**14,832**	**7,339**

*In 2020, Implementation fees also included fees recognised by Satago in full on the signing of new contracts with partners.

Company	2020 £'000	2019 £'000
Intercompany interest income	2,073	2,738
Intercompany fee income	118	225
Other interest income	1	14
Gross revenue	**2,192**	**2,977**

4. Segmental reporting

The results of the Group are broken down into segments based on the products and services from which it derives its revenue:

Short term finance

Provision of distribution finance products and invoice discounting. For results during the reporting period, this corresponds to the results of Satago, Vertus and AltLending.

Payment services

Provision of Early Payment Programme Services. For results during the reporting period, this corresponds to the results of Oxygen and Porge.

Publishing

Publishing of video games. For results during the reporting period, this corresponds to the results of the Playstack Group.

Other

Revenue and costs arising from investment activities. For results during the reporting period, this corresponds to the results of TSL, THL and TruFin plc.

The results of each segment, prepared using accounting policies consistent with those of the Group as a whole, are as follows:

Year ended 31 December 2020	Short term finance £'000	Payment services £'000	Publishing £'000	Other £'000	Total £'000
Gross revenue	2,020	3,490	8,408	914	14,832
Cost of sales	(730)	(760)	(5,022)	–	(6,512)
Net revenue	**1,290**	**2,730**	**3,386**	**914**	**8,320**
Adjusted operating loss*	(3,318)	(1,111)	(2,458)	(1,495)	(8,382)
Loss before tax	(3,318)	(1,111)	(2,458)	(2,040)	(8,927)
Taxation	42	(2,504)	(14)	–	2,476
Loss for the year	**(3,276)**	**(3,615)**	**(2,472)**	**(2,040)**	**(11,403)**
Total assets	22,798	7,430	17,765	9,573	57,566
Total liabilities	(11,276)	(1,858)	(3,559)	(1,137)	(17,830)
Net assets	**11,522**	**5,572**	**14,206**	**8,436**	**39,736**

*adjusted operating loss before tax excludes share-based payment expense

Year ended 31 December 2019	Short term finance £'000	Payment services £'000	Publishing £'000	Other £'000	Total £'000
Gross revenue	2,752	3,436	547	604	7,339
Cost of sales	(269)	(562)	(284)	–	(1,115)
Net revenue	**2,483**	**2,874**	**263**	**604**	**6,224**
Adjusted operating loss*	(880)	(2,015)	(2,003)	(4,442)	(9,340)
Share of profit from associates	15	–	–	–	15
Loss before tax	(865)	(2,015)	(2,003)	(6,951)	(11,834)
Taxation	–	(3,090)	–	–	(3,090)
Loss for the year from continuing operations	(865)	(5,105)	(2,003)	(6,951)	(14,924)
Loss for the year from discontinued operations	(2,963)	–	–	(500)	(3,463)
Loss for the year	**(3,828)**	**(5,105)**	**(2,003)**	**(7,451)**	**(18,387)**
Total assets	21,385	9,440	15,804	15,365	61,994
Total liabilities	(7,010)	(1,814)	(673)	(2,154)	(11,651)
Net assets	**14,375**	**7,626**	**15,131**	**13,211**	**50,343**

5. Staff costs

Analysis of staff costs:

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Wages and salaries	9,311	8,203	1,327	3,176
Consulting costs	313	506	–	29
Social security costs	1,019	1,275	22	804
Pension costs arising on defined contribution schemes	442	229	26	36
Share based payment	545	2,509	545	2,509
Government grants	(98)	–	–	–
	11,532	**12,722**	**1,920**	**6,554**

Consulting costs are recognised within staff costs where the work performed would otherwise have been performed by employees. Consulting costs arising from the performance of other services are included within other operating expenses.

Average monthly number of persons (including Executive Directors) employed:

	2020 Number	2019 Number
Management	17	15
Finance	8	6
Sales & marketing	33	20
Operations	37	42
Technology	54	36
	149	119

Directors' emoluments

The number of directors who received share options during the year was as follows:

	2020 Number	2019 Number
Long term incentive schemes	1	1

There were no directors who exercised share options during the year.

The directors' aggregate emoluments in respect of qualifying services were:

	Salary £'000	Bonus £'000	Settlement £'000	Transaction dependent payment £'000	Pension and Benefits £'000	2020 Total £'000	2019 Total £'000
Executive Directors:							
S H Kenner*	64	–	33	–	–	97	1,091
J v d Bergh	256	214	–	256	9	735	1,204
R Kapashi**	–	–	–	–	–	–	521
	320	214	33	256	9	832	2,816
Non-executive Directors:							
S Baldwin	85	–	–	–	–	85	70
P Judd	65	–	–	–	–	65	60
P Dentskevich	50	–	–	–	–	50	50
P Whiting***	–	–	–	–	–	–	45
	200	–	–	–	–	200	225

* S H Kenner left the Group in June 2020

** R Kapashi left the Group in July 2019

*** P Whiting left the Group in July 2019

Transaction dependent payment relates to a one-off amount, that had been provided for in 2019. See Note 7 for further information.

Key management

The Directors consider that key management personnel include the Executive Director of TruFin plc. This individual has the authority and responsibility for planning, directing and controlling the activities of the Group.

6. Employee share-based payment transactions

The employment share-based payment charge comprises:

	2020 £'000	2019 £'000
Performance Share Plan and Joint Share Ownership Plan Founder Award	465	2,430
Performance Share Plan Market Value Award	80	79
Performance Share Plan 2019 Award	–	–
Performance Share Plan 2018 Award	–	–
Total	**545**	**2,509**

Performance Share Plan and Joint Share Ownership Plan Founder Award ("Founder Award")

On 21 February 2018, 3,407,895 shares were granted to selected founder members of senior management of which the share price at date of grant was £1.90 per share. The awards are structured as a Performance Share Plan and a Joint Share Ownership Plan. The Performance Share Plan is structured as a nil cost option with no performance conditions attached. The awards were also granted subject to continued employment until February 2021. The Joint Share Ownership Plan allows the employee to participate in the growth in value over and above the grant price of £1.90. The shares vest 25% on each anniversary of the grant date.

The first 25% of shares (851,973 shares) vested on 21 February 2019 when the share price was £1.98. As a result, 817,550 shares subject to the Joint Share Ownership Plan became fully owned by the trustee of the Company's employee benefit trust (the "EBT") and 34,423 became fully owned by senior management.

At the time of Distribution Finance Capital Ltd's ("DFC") demerger from the Group, there was a modification to the Founder Award. The £1.90 price above which the employee was able to participate in value growth under the Joint Share Ownership Plan was adjusted proportionally by reference to the respective share prices of DFC and TruFin to £0.85. This modification has not resulted in a change in the valuation of the award and this continues to be recognised over the remainder of the original vesting period.

As part of the demerger, holders of Founder Awards also received an award in respect of DFC shares which gave rise to an Employers National Insurance liability of £419,000, which was paid in July 2019.

On 11 September 2019, in connection with his change of role, the unvested Founder Awards in respect of 1,369,244 shares held by Henry Kenner fully vested, the result of which was that all of the relevant shares ceased to be subject to the Joint Share Ownership Plan and instead become fully owned by the EBT. In addition, 1,369,244 shares subject to the Performance Share Plan ceased to be subject to continued employment condition.

The second 25% of Founder Awards held by James van den Bergh vested on 21 February 2020 when the share price was £0.26. As a result, 395,560 shares subject to the Join Share Ownership Plan became fully owned by EBT and James' nil cost option under the Performance Share Plan vested in respect of the same number of shares.

On 27 November 2020, Henry Kenner exercised his nil cost option under the Performance Share Plan which resulted in 1,807,217 shares being transferred from the EBT to Henry Kenner on 22 December 2020. This gave rise to an Employer's National Insurance liability of £82,000 which was paid in January 2021.

Performance Share Plan Market Value Award ("PSP Market Value Award")

On 21 February 2018, options to acquire 4,868,420 shares were granted to the senior management team. The vesting of this award is based on market-based performance conditions. The vesting of these awards is subject to the holder remaining an employee of the Company and the Company's share price achieving five distinct milestones - vesting at 20% each milestone. The exercise price of the awards at the time of grant was £1.90 per share. A Monte

Carlo simulation was used to determine the fair value of these options. The model used an expected volatility of 10% and a risk free rate of 1.3%.

In order to reflect the impact of the demerger, the PSP Market Value Award was split into two:

- Part of the award remained as an option in respect of TruFin shares ("TruFin Market Value Award")
- Part of the award became an award in respect of DFC shares ("DFC market Value Award")

The TruFin Market Value Award is on the same terms as the original PSP Market Value Award except that:

- The exercise price was adjusted to £0.85, and the share price milestones were adjusted to reflect the demerger
- The exercise price was further adjusted to £0.80 and the share price milestones were further adjusted, to reflect the return of value to shareholders in June 2019
- The exercise price was further adjusted to £0.71, and the share price milestones were further adjusted to reflect the return of value to shareholders in December 2019

The modification has not resulted in a change in the valuation of the award and this continues to be recognised over the remainder of the original vesting period.

The grant of the DFC Market Value Award gave rise to an Employer's national insurance liability for the Company of £265,000 which was paid in July 2019.

Performance Share Plan 2018 Award ("PSP 2018 Award")

On 21 February 2018, options to acquire 1,000,001 shares were granted to the senior management team. The PSP 2018 Award is structured as a nil cost option. The vesting of this award is subject to the holder being in continued employment until February 2021 and the subsidiary companies achieving certain financial metrics over a three-year period.

In order to reflect the impact of the demerger, and as the performance condition relating to the business of DFC was deemed to be achieved in full due to the demerger, the PSP 2018 Award was adjusted as follows:

- the award part vested and was satisfied by way of a cash payment calculated by reference to 50% of the shares subject to the award and a price of £1.90 per share. The cash payments were made in September 2019; and
- the awards have otherwise continued in respect of 100% of the TruFin shares, but the performance condition now relates solely to the business of Oxygen

During the prior year, PSP 2018 Awards in respect of 736,843 shares lapsed following members of senior management leaving the Group and changing roles.

The fair value of the unvested part of the award as at 31 December 2020 was deemed to be nil as it is highly improbable that the vesting conditions will be met.

Performance Share Plan 2019 Award ("PSP 2019 Award")

On 11 September 2019 an option to acquire 320,000 shares was granted to James van den Bergh. The PSP 2019 Award is structured as a nil cost option. The vesting of this award is subject to the holder being in continued employment until September 2022 and subsidiary companies achieving certain financial metrics over a three-year period. The fair value of the award as at 31 December 2020 was deemed to be nil as it is highly improbable that the vesting conditions will be met.

Details of share based awards during the year:

	JSOP Founder Award*	PSP Founder Award*	PSP Market Value
Type of instrument granted	Shares (#)	Options (#)	Options (#)
Outstanding at 1 January 2020	1,186,678	3,373,472	4,868,420
Granted during the year	–	–	–
Vested during the year	(395,560)	–	–
Exercised during the year	–	(1,807,217)	–
Outstanding at 31 December 2020	791,118	1,566,255	4,868,420
Exercisable at 31 December 2020		775,137	–

*The JSOP Founder Awards and PSP Founder Awards will together deliver, in aggregate, a maximum of 3,407,895 TruFin shares.

	PSP 2018	PSP 2019
Type of instrument granted	Options (#)	Options (#)
Outstanding at 1 January 2020	263,158	320,000
Granted during the year	–	–
Vested during the year	–	–
Exercised during the year	–	–
Outstanding at 31 December 2020	263,158	320,000
Exercisable at 31 December 2020	–	–

No options expired during the year.

The weighted average remaining contractual life for the share options outstanding as at 31 December 2020 was 7.21 years (2019: 8.20 years).

The charges incurred as a result of the prior year demerger and subsequent modifications of the awards have been included within discontinued operations in note 10.

A breakdown of these charges is shown below:

	2020 £'000	2019 £'000
PSP and JSOP Employer's NI charge	–	419
PSP Market Value Employers NI charge	–	265
PSP 2018 – DFC portion	–	1,081
DFC Banking licence contingent liability (See note 7)	–	700
	–	2,465

Employees are responsible for settling their own tax obligations related to these awards as and when they arise. The Company will pay any Employers NI that becomes due on these awards.

7. Provision for commitments and other liabilities

A provision of £700,000 which includes Employer's National Insurance had been provided for as a contingent liability to be paid to management as part of the management incentive plan agreed at the time of the IPO.

The payment was conditional on DFC being granted a bank licence by the PRA.

In September 2020 DFC was granted a bank licence by the PRA, and in October 2020 the corresponding payment was made to the relevant individuals.

Group	£'000
At 1 January 2020	700
Payment	(700)
At 31 December 2020	–

The Company had no provisions at the year end.

Group	£'000
At 1 January 2019	1,053
Demerger of subsidiary	(109)
Deferred consideration paid	(750)
Net additional provision during the year	506
At 31 December 2019	700

8. Net impairment loss on financial assets

	2020 £'000	2019 £'000
At 1 January	123	319
On demerger of subsidiary	–	(180)
Charge for impairment loss	(11)	(14)
Amounts written off in the year	(102)	(2)
At 31 December	10	123

At 31 December 2020, the Group had an impairment balance of £10,000 which was allocated against loans and advances. At 31 December 2019, all of the impairment balance was allocated against loans and advances.

The net impairment charge on financial assets during the year ended 31 December 2020 all related to loans and advances.

The net impairment charge on financial assets during the year ended 31 December 2019 all related to loans and advances.

9. Loss before income tax

Loss before income tax is stated after charging:

	2020 £'000	2019 £'000
Depreciation of property, plant and equipment	128	307
Amortisation of intangible assets	1,209	1,032
Staff costs including share based payments charge	11,532	12,722

Fees payable to the Group's auditor (Crowe LLP)	2020 £'000	2019 £'000
Fees payable for the audit of the company's annual accounts	44	44
Fees payable for the audit of the company's subsidiaries	83	78
Total audit fees	**127**	**122**
Non audit services		
Other assurance services	12	12
Total non-audit fees	**12**	**12**

10. Discontinued operations

On 8 May 2019, DFC was demerged from the group into a separate AIM listed company (Distribution Finance Capital Holdings plc), with the existing TruFin plc shareholders being given one new share in DFC for each existing TruFin B share they held. These B shares were subsequently cancelled (as mentioned in note 19); the value of these cancelled shares was £96.4m and is the deemed consideration of the transaction. The carrying value of DFC prior to demerger was £93.8m which gave rise to a fair value uplift of £2.6m.

DFC's results for the period from the start of the prior year to the date of demerger have been included within this note.

DFC results for the period to demerger	2020 £'000	2019 £'000
Revenue	–	3,601
Expenses excluding IPO and demerger costs	–	(6,564)
Loss before tax	**–**	**(2,963)**

Also included within this note are; the costs to the Group associated with the demerger and the fair value uplift in the value of DFC prior to its demerger from the Group.

	2020 £'000	2019 £'000
DFC loss before tax	–	(2,963)
Other items included within discontinued operations		
Fair value uplift in value of DFC	–	2,618
Costs of demerger	–	(653)
MIP related demerger costs	–	(2,465)
Loss from discontinued operations	**–**	**(3,463)**

The assets other than cash or cash equivalents in DFC at the time of demerger were £157m and liabilities were £125m.

DFC Cash flow	2020 £'000	2019 £'000
DFC loss before tax	–	(2,963)
Working capital adjustments	–	(33,435)
Cash flows from operating activities	–	(36,398)
Cash flows from investing activities	–	(123)
Cash flows from financing activities	–	71,876
Net increase in cash	–	35,355
Cash leaving the group on date of demerger	–	(42,911)
		(7,556)
Less intragroup transfers	–	(30,000)
Cash used by discontinued operations	–	(37,556)

11. Taxation

Analysis of tax charge recognised in the period

	2020 £'000	2019 £'000
Current tax charge	16	14
Deferred tax charge	2,460	3,076
Total tax charge	2,476	3,090

Reconciliation of loss before tax to total tax credit recognised

Group	2020 £'000	2019 £'000
Loss before tax	(8,927)	(15,311)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	(1,696)	(2,842)
Tax effect of:		
Expenses not deductible	161	478
Depreciation in excess of capital allowances	132	27
Capital allowances	(57)	(17)
Other short term timing differences	(129)	(2)
Capitalised revenue expenditure	–	–
Unrecognised deferred tax on brought forward assets	(7,787)	(2,790)
Unrecognised deferred tax from acquired subsidiaries	–	(1,815)
Unrecognised deferred tax from demerged subsidiary	–	2,400
Adjust closing deferred tax to rate at which losses expect to be utilised	–	(80)
Adjustments in respect of prior periods	(1,353)	(58)
Deferred tax not recognised	13,204	7,789
Effect of different tax rates of subsidiaries operating in other jurisdictions	1	–
Total tax charge	2,476	3,090

Company	2020 £'000	2019 £'000
Loss before tax	(704)	(6,530)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	(134)	(1,241)
Tax effect of:		
Expenses not deductible	169	378
Other short term timing differences	(133)	–
Unrecognised deferred tax on brought forward assets	(1,097)	(289)
Adjust closing deferred tax to rate at which losses expect to be utilised	–	55
Adjustments in respect of prior periods	132	–
Deferred tax not recognised	1,063	1,097
Total tax charge	–	–

The UK Government enacted changes to the UK tax rate in 2020, resulting in the rate remaining at 19% (instead of the previously intended reduction from 19% to 17% from 1 April 2020). The deferred tax assets and liabilities at 31 December 2020 have been based on the rates substantively enacted at the reporting date.

In the 2021 Budget, the UK chancellor announced that legislation would be proposed to increase the main rate of corporation tax to 25% from 1 April 2023, although this has not been enacted at the date of approval of the financial statements.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Deferred tax asset

Group	2020 £'000	2019 £'000
Balance at start of the year	2,503	5,579
Charge to the statement of comprehensive income	(2,460)	(3,076)
Balance at end of the year	43	2,503
Comprised of:		
Losses	43	2,503
Total deferred tax asset	43	2,503

In respect of Oxygen, no deferred tax asset has been recognised. The Group has considered the probability of future taxable profits in the short term and has opted to derecognise a deferred tax asset of £2.5m, following the immediate impact arising in this year due to the COVID-19 pandemic. This is without prejudice to the expected profits in the medium to longer term in the Oxygen group, which the Group continues to see crystallising.

A deferred tax asset has been recognised in respect of Vertus Capital SPV 1, as it became profitable in the year.

12. Intangible assets

Group	Client contracts £'000	Software licenses and similar assets £'000	Separately identifiable intangible Assets £'000	Goodwill £'000	Total £'000
Cost					
At 1 January 2020	3,574	1,109	1,642	15,796	22,121
Additions	1,180	725	–	–	1,905
Disposals	(61)	–	–	–	(61)
Exchange differences	(4)	–	–	–	(4)
At 31 December 2020	4,689	1,834	1,642	15,796	23,961
Amortisation					
At 1 January 2020	(479)	(471)	(414)	–	(1,364)
Charge	(538)	(343)	(328)	–	(1,209)
Disposals	61	–	–	–	61
At 31 December 2020	(956)	(814)	(742)	–	(2,512)
Accumulated impairment losses					
At 1 January 2020	(186)	–	–	–	(186)
Charge	(222)	–	–	–	(222)
At 31 December 2020	(408)	–	–	–	(408)
Net book value					
At 31 December 2020	3,325	1,020	900	15,796	21,041
At 31 December 2019	2,909	638	1,228	15,796	20,571

Group	Client contracts £'000	Software licenses and similar assets £'000	Separately identifiable intangible Assets £'000	Goodwill £'000	Total £'000
Cost					
At 1 January 2019	2,165	1,495	1,387	1,372	6,419
Additions	1,409	283	–	–	1,692
Arising on acquisition of subsidiary	–	–	255	14,424	14,679
Demerger of subsidiary	–	(669)	–	–	(669)
At 31 December 2019	3,574	1,109	1,642	15,796	22,121
Amortisation					
At 1 January 2019	(103)	(278)	–	–	(381)
Charge	(376)	(242)	(414)	–	(1,032)
Demerger of subsidiary	–	49	–	–	49
At 31 December 2019	(479)	(471)	(414)	–	(1,364)
Accumulated impairment losses					
At 1 January 2019	–	–	–	–	–
Charge	(186)	–	–	–	(186)
At 31 December 2019	(186)	–	–	–	(186)
Net book value					
At 31 December 2019	2,909	638	1,228	15,796	20,571
At 31 December 2018	2,062	1,217	1,387	1,372	6,038

The Company had no intangibles assets at the year end.

Client contracts comprise the directly attributable costs incurred at the beginning of an Early Payment Scheme Service contract to revise a client's existing payment systems and provide access to the Group's software and other intellectual property. These implementation (or "set up") costs are comprised primarily of employee costs.

The useful economic life for each individual asset is deemed to be the term of the underlying Client Contract (generally 5 years) which has been deemed appropriate and for impairment review purposes, projected cash flows have been discounted over this period.

The amortisation charge is recognised in fee expenses within the statement of comprehensive income, as these costs are incurred directly through activities which generate fee income.

The Group performed an impairment review at 31 December 2020 and has impaired £222,000 in relation to underperforming contracts.

Software, licenses and similar assets comprises separately acquired software, as well as costs directly attributable to internally developed platforms across the Group. These directly attributable costs are associated with the production of identifiable and unique software products controlled by the Group and are probable of producing future economic benefits. They primarily include employee costs and directly attributable overheads.

A useful economic life of 3 to 5 years has been deemed appropriate and for impairment review purposes projected cash flows have been discounted over this period.

The amortisation charge is recognised in depreciation and amortisation on non-financial assets within the statement of comprehensive income.

The Group performed an impairment review at 31 December 2020 and concluded no impairment was required.

The 'Software, licenses and similar assets' net book value balance related to internally generated intangible assets at 31 December 2020 was £1,020,000 (2019: £638,000). This consists of cost of £1,834,000 (2019: £1,108,000) and accumulated amortisation of £814,000 (2019: £472,000). During the year there were additions of £725,000 (2019: £283,000) and amortisation of £343,000 (2019: £242,000).

Goodwill and "Separately identifiable intangible assets" arise from acquisitions made by the Group.

Porge (now Insight Services within OFL)

Porge was acquired by OFGL in August 2018 and goodwill of £2,759,000 that arose from this acquisition was included within the payments services segment of the Group. Following the acquisition, separately identifiable intangible assets of £1,387,000 primarily relating to the value of the contracts in the business at acquisition were recognised. These are being amortised over 5 years resulting in an amortisation charge of £393,000 (2019: £277,000) during the year. Net Book value of these assets at 31 December 2020 was £994,000 (2019: £717,000). Goodwill related to this transaction excluding these assets at 31 December 2020 was £1,372,000.

On 31 August 2020, OFL purchased the Trade and Assets of Porge. The purchase price was set at the Net book value of the assets acquired at the time of the transaction.

Vertus

In July 2019, the Group converted into ordinary shares its existing convertible loan with Vertus Capital in full satisfaction and discharge of the loan. This, together with a further cash payment, gave the Group 51% ownership of Vertus Capital and Vertus SPV 1.

Goodwill of £1,714,000 arose from this transaction and has been included within the short term finance segment of the business. Separately identifiable intangible assets of £255,000 primarily related to the value of existing third party relationships on acquisition have been identified. These are being amortised over 5 years and the amortisation charge for the year was £51,000 (2019: £21,000). Net Book value of these assets at 31 December 2020 was £204,000 (2019: £234,000). Goodwill related to Vertus excluding these assets at 31 December 2020 was £1,459,000 (2019: £1,459,000)

Playstack

In September 2019, the Group converted into ordinary shares its existing convertible loans with Playstack Ltd in full satisfaction and discharge of the loans. This gave the Group ownership of Playstack Ltd and the other companies within the Playstack Group. Further details of the acquisition are included in note 24.

Goodwill of £12,965,000 arose from this transaction and has been included within the publishing segment of the business.

Impairment testing of intangibles

An impairment review of goodwill was carried out at the year end.

The insight services segment of OFL was valued using the discounted cash flow methodology. Its net earnings were forecasted to 2025, a discount rate of 12% was used and terminal growth rate of 2%. This valuation was greater than the amount of goodwill and therefore the goodwill is not deemed to be impaired.

Vertus was valued using the discounted cash flow methodology. The net earnings of Vertus were forecasted to 2030, a discount rate of 12% was used and terminal growth rate of 3%. The valuation of Vertus was greater than the amount of goodwill and therefore the goodwill is not deemed to be impaired.

Playstack was valued using the discounted cash flow methodology. The net earnings of Playstack were forecasted to 2030, a discount rate of 20% was used and terminal growth rate of 3%. The valuation of Playstack was greater than the amount of goodwill and therefore the goodwill is not deemed to be impaired.

13. Property, plant and equipment

Group	Leasehold improvements £'000	Fixtures & fittings £'000	Computer equipment £'000	Right-of-Use Asset £'000	Total £'000
Cost					
At 1 January 2020	44	247	36	429	756
Additions	–	7	24	–	31
Disposals	(44)	(202)	–	–	(246)
At 31 December 2020	–	52	60	429	541
Depreciation					
At 1 January 2020	(36)	(219)	(9)	(255)	(519)
Charge	(8)	(19)	(17)	(84)	(128)
Disposals	44	202	–	–	246
At 31 December 2020	–	(36)	(26)	(339)	(401)
Net book value					
At 31 December 2020	–	16	34	90	140
At 31 December 2019	8	28	27	174	237

Group	Leasehold improvements £'000	Fixtures & fittings £'000	Computer equipment £'000	Right-of-Use Asset £'000	Total £'000
Cost					
At 1 January 2019	67	337	177	–	581
Additions	–	14	24	–	38
On adoption of IFRS 16	–	–	–	429	429
Acquisition of subsidiary	–	–	5	–	5
Demerger of subsidiary	(23)	(104)	(170)	–	(297)
At 31 December 2019	44	247	36	429	756
Depreciation					
At 1 January 2019	(24)	(205)	(49)	–	(278)
Charge	(15)	(32)	(5)	(255)	(307)
Acquisition of subsidiary	–	–	(3)	–	(3)
Demerger of subsidiary	3	18	48	–	69
At 31 December 2019	(36)	(219)	(9)	(255)	(519)
Net book value					
At 31 December 2019	8	28	27	174	237
At 31 December 2018	43	132	128	–	303

Company	Computer equipment £'000	Right-of-use asset £'000	Total £'000
Cost			
At 1 January 2020	3	167	170
Additions	–	–	–
At 31 December 2020	3	167	170
Depreciation			
At 1 January 2020	(2)	(167)	(169)
Charge	(1)	–	(1)
At 31 December 2020	(3)	(167)	(170)
Net book value			
At 31 December 2020	–	–	–
At 31 December 2019	1	–	1

Company	Computer equipment £'000	Right-of-use asset £'000	Total £'000
Cost			
At 1 January 2019	3	–	3
Additions	–	–	–
On adoption of IFRS 16	–	167	167
At 31 December 2019	**3**	**167**	**170**
Depreciation			
At 1 January 2019	(1)	–	(1)
Charge	(1)	(167)	(168)
At 31 December 2019	**(2)**	**–**	**(169)**
Net book value			
At 31 December 2019	**1**	**–**	**1**
At 31 December 2018	2	–	2

The Right of use assets in the Group and Company relates to leases for office buildings.

14. Other investments

Group	2020 £'000	2019 £'000
Investments in equity instruments	–	–
Debt securities	–	–
	–	–

Investment in equity instruments

	Group Level 3 valuation £'000	Company £'000
Fair value at 1 January 2020	–	–
Disposal of investment	–	–
Fair value at 31 December 2020	–	–

	Group Level 3 valuation £'000	Company £'000
Fair value at 1 January 2019	44,500	–
Disposal of investment	(44,500)	–
Fair value at 31 December 2019	–	–

On 7 May 2019, the Group sold its investment in Zopa to Arrowgrass for a gross cash consideration of £44.5m which was equal to the fair value of Zopa.

Group	2020	2019
Undiluted	0.0%	0.0%
Fully diluted	0.0%	0.0%

A level 3 valuation is one that relies on unobservable inputs to the valuation process.

Debt Securities

Group	£'000
Balance at 1 January 2020	–
Demerger of subsidiary	–
Balance at 31 December 2020	–
Balance at 1 January 2019	4,994
Demerger of subsidiary	(4,994)
Balance at 31 December 2019	–

Following the demerger of DFC from the Group in 2019, the Group no longer holds any debt securities.

The Company had no debt securities at the year end (2019: £nil).

15. Investment in subsidiaries

Company	£'000
Balance at 1 January 2020 and 31 December 2020	30,189
Balance at 1 January 2019	123,966
Demerger of subsidiary	(93,777)
Balance at 31 December 2019	30,189

16. Loans and advances

Group	2020 £'000	2019 £'000
Total loans and advances	14,670	27,828
Less: loss allowance	(10)	(123)
	14,660	27,705

The aging of loans and advances are analysed as follows:

	2020 £'000	2019 £'000
Neither past due nor impaired	14,401	27,126
Past due: 0–30 days	254	490
Past due: 31–60 days	2	61
Past due: 61–90 days	–	23
Past due: more than 91 days	3	5
	14,660	27,705

The Company had no loans and advances at the year end (2019: £nil).

17. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade and other receivables	1,992	1,075	–	–
Prepayments	421	368	39	41
Accrued Income	263	178	–	–
VAT	–	25	15	61
Other debtors	1,278	2,361	7	93
Amounts due from Group Undertakings	–	–	597	–
	3,954	**4,007**	**658**	**195**

Trade receivables above are stated net of a loss allowance of £nil (2019: £nil). All receivables are due within one year.

The aging of trade receivables is analysed as follows:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Not yet due	1,411	447	–	–
Past due: 0–30 days	121	254	–	–
Past due: 31–60 days	92	106	–	–
Past due: 61–90 days	50	67	–	–
Past due: more than 91 days	318	201	–	–
	1,992	**1,075**	**–**	**–**

18. Share capital

Group and Company	Share Capital £'000	Total £'000
80,822,204 shares at £0.91 per share	**73,548**	**73,548**

All ordinary shares carry equal entitlements to any distributions by the company. No dividends were proposed by the Directors for the year ended 31 December 2020.

19. Borrowings

Group	2020 £'000	2019 £'000
Loans due within one year	2,204	6,194
Loans due in over one year	8,507	–
	10,711	**6,194**

Movements in borrowings during the year

The below table identifies the movements in borrowings during the year.

Group	£'000
Balance at 1 January 2020	6,194
Funding drawdown	5,840
Interest expense	279
Origination fees paid	(2)
Fee amortisation	133
Repayments	(1,458)
Interest paid	(275)
Balance at 31 December 2020	**10,711**

Group	£'000
Balance at 1 January 2019	59,041
Demerger of subsidiary	(59,041)
Acquisition of subsidiary	1,183
Funding drawdown	5,350
Interest expense	39
Origination fees paid	(357)
Repayments	(21)
Balance at 31 December 2019	**6,194**

The primary borrowings of the Group are comprised of the following:

- A 24-month revolving facility agreement with a 12-month term-out period, maturing in September 2022. Interest is payable monthly with the principal balance rolled over monthly, subject to ongoing compliance with the agreement. The facility is secured by a debenture over all assets of Vertus Capital.
- Unsecured interest bearing facility due in 2026, with interest payable quarterly.
- 2 Unsecured interest-bearing facilities due in 2025, with interest payable monthly.
- A revolving credit facility with a minimum term period to March 21, after which the facility continues under notice is given by either the lender (3 months) or borrower (6 months). The facility is secured by a fixed and floating charge over Satago SPV1 and interest is payable monthly.

The Company had no borrowings during the period or at year end.

20. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade payables	1,553	651	32	85
Accruals	4,179	3,001	569	947
Other payables	247	379	2	3
Corporation tax	1	22	–	–
Other taxation and social security	960	704	539	409
VAT	179	–	–	–
	7,119	4,757	1,142	1,444

21. Financial instruments

The Directors have performed an assessment of the risks affecting the Group through its use of financial instruments and believe the principal risks to be: capital risk; credit risk, and market risk including interest rate risk.

This note describes the Group's objectives, policies and processes for managing the material risks and the methods used to measure them. The significant accounting policies regarding financial instruments are disclosed in note 1.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while providing an adequate return to shareholders.

The capital structure of the Group consists of borrowings disclosed in note 19 and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as disclosed in note 18 and note 22).

The Group is not subject to any externally imposed capital requirements.

Principal financial instruments

The principal financial instruments to which the Group is party and from which financial instrument risk arises, are as follows:

- Loans and advances, primarily credit risk and liquidity risk;
- Trade receivables, primarily credit risk and liquidity risk;
- Investments, primarily fair value or market price risk;
- Cash and cash equivalents, which can be a source of credit risk but are primarily liquid assets available to further business objectives or to settle liabilities as necessary;
- Trade and other payables; and
- Borrowings which are used as sources of funds and to manage liquidity risk.

Analysis of financial instruments by valuation model

There are no financial assets or liabilities included in the statement of financial position at fair value.

31 December 2020

Financial assets and financial liabilities included in the statement of financial position that are not measured at fair value:

Group	Carrying amount £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets not measured at fair value					
Loans and advances	14,660	14,660	–	–	14,660
Trade receivables	1,992	1,992	–	–	1,992
Other receivables	1,541	1,541	–	–	1,541
Cash and cash equivalents	17,728	17,728	17,728	–	–
	35,921	**35,921**	**17,728**	**–**	**18,193**
Financial liabilities not measured at fair value					
Borrowings	10,711	10,711	–	–	10,711
Trade, other payables and accruals	6,578	6,578	–	–	6,578
	17,289	**17,289**	**–**	**–**	**17,289**

31 December 2019

Group	Carrying amount £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets not measured at fair value					
Loans and advances	27,705	27,705	–	–	27,705
Trade receivables	1,075	1,075	–	–	1,075
Other receivables	2,907	2,907	–	–	2,907
Cash and cash equivalents	6,971	6,971	6,971	–	–
	38,658	**38,658**	**6,971**	**–**	**31,687**
Financial liabilities not measured at fair value					
Borrowings	6,194	6,194	–	–	6,194
Trade, other payables and accruals	4,029	4,029	–	–	4,029
	10,223	**10,223**	**–**	**–**	**10,223**

31 December 2020

Company	Carrying amount £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets not measured at fair value					
Amounts owed by group undertakings	47,066	47,066	–	–	47,066
Other receivables	619	619	–	–	619
Cash and cash equivalents	578	578	578	–	–
	48,263	**48,263**	**578**	**–**	**47,685**
Financial liabilities not measured at fair value					
Trade, other payables and accruals	1,142	1,142	–	–	1,142
	1,142	**1,142**	**–**	**–**	**1,142**

31 December 2019

Company	Carrying amount £'000	Fair value £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial assets not measured at fair value					
Amounts owed by group undertakings	49,083	49,083	–	–	49,083
Other receivables	134	134	–	–	134
Cash and cash equivalents	184	184	184	–	–
	49,401	**49,401**	**184**	**–**	**49,217**
Financial liabilities not measured at fair value					
Trade, other payables and accruals	1,035	1,035	–	–	1,035
	1,035	**1,035**	**–**	**–**	**1,035**

Fair values for level 3 assets and liabilities were calculated using a discounted cash flow model and the Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate to their fair values.

Loans and advances

Due to the short-term nature of loans and advances and/or expected credit losses recognised, their carrying value is considered to be approximately equal to their fair value.

Trade and other receivables, borrowings, trade and other payables, and accruals

These represent short term receivables and payables and as such their carrying value is considered to be equal to their fair value.

Financial risk management

The Group's activities and the existence of the above financial instruments expose it to a variety of financial risks.

The Board of Directors has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board of Directors is to set policies that seek to reduce ongoing risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk

Further details regarding these policies are set out below.

Credit risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. One of the Group's main income generating activities is lending to customers and therefore credit risk is a principal risk. Credit risk mainly arises from loans and advances. The Group considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

Credit risk management

The credit committees within the wider Group are responsible for managing the credit risk by:

- Ensuring that it has appropriate credit risk practices, including an effective system of internal control;
- Identifying, assessing and measuring credit risks across the Group from an individual instrument to a portfolio level;
- Creating credit policies to protect the Group against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits;
- Limiting concentrations of exposure by type of asset, counterparty, industry, credit rating, geographical location;
- Establishing a robust control framework regarding the authorisation structure for the approval and renewal of credit facilities;
- Developing and maintaining the risk grading to categorise exposures according to the degree of risk of default. Risk grades are subject to regular reviews; and
- Developing and maintaining the processes for measuring Expected Credit Loss (ECL) including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.

Significant increase in credit risk

The Group continuously monitors all assets subject to Expected Credit Loss as to whether there has been a significant increase in credit risk since initial recognition, either through a significant increase in Probability of Default ("PD") or in Loss Given Default ("LGD").

The following is based on the procedures adopted by the Group:

Granting of credit

The Business Development Team prepare a Risk Summary which sets out the rationale and the pricing for the proposed loan facility and confirms that it meets the Group's product risk and pricing policies. The Application will include the proposed counterparty's latest financial information and any other relevant information but as a minimum:

- Details of the limit requirement e.g. product, amount, tenor, repayment plan etc.;
- Facility purpose or reason for increase;
- Counterparty details, background, management, financials and ratios (actuals and forecast);
- Key risks and mitigants for the application;
- Conditions, covenants & information (and monitoring proposals) and security (including comments on valuation);
- Pricing;
- Confirmation that the proposed exposure falls within risk appetite; and
- Clear indication where the application falls outside of risk appetite.

The Credit Risk Department will analyse the financial information, obtain reports from credit reference agencies, allocate a risk rating and make a decision on the application. The process may require further dialogue with the Business Development Team to ascertain additional information or clarification.

Each mandate holder and Committee is authorised to approve loans up to agreed financial limits provided that the risk rating of the counterparty is within agreed parameters. If the financial limit requested is higher than the credit authority of the first reviewer of the loan facility request, the application is sent to the next credit authority level with a recommendation.

The Executive Risk Committee reviews all applications that are outside the credit approval mandate of the mandate holder due to the financial limit requested or if the risk rating is outside of policy but there is a rationale and/or mitigation for considering the loan on an exceptional basis.

Applications where the counterparty has a high risk rating are sent to the Executive Risk Committee for a decision based on a positive recommendation from the Credit Risk department. Where a limited company has such a risk rating, the Executive Risk Committee will consider the following mitigants:

- Existing counterparty which has met all obligations in time and in accordance with loan agreements,
- Counterparty known to Group personnel who can confirm positive experience,
- Additional security, either tangible or personal guarantees where there is verifiable evidence of personal net worth,
- A commercial rationale for approving the application, although this mitigant will generally be in addition to at least one of the other mitigants.

Identifying significant increases in credit risk

The Group measures a change in a counterparty's credit risk mainly on payment, on updated from credit reference agencies and adverse changes with a counterparty's debtors. The Group views a significant increase in credit risk as:

- A two-notch reduction in the Group's counterparty's risk rating since origination, as notified through the credit rating agency;
- A counterparty defaults on a payment due under a loan agreement;

- Late contractual payments which although cured, re-occur on a regular basis;
- Evidence of a reduction in a counterparty's working capital facilities which has had an adverse effect on its liquidity; or
- Evidence of actual or attempted sales out of trust or of double financing of assets funded by the Group.
- Deterioration in the underlying business (held as part of the security package) indicated through significant loss of revenue and higher than average client attrition.

An increase in significant credit risk is identified when any of the above events happen after the date of initial recognition.

Default

Identifying loans and advances in default and credit impaired

The Group's definition of default for this purpose is:

- A counterparty defaults on a payment due under a loan agreement and that payment is overdue on its terms, or
- The collateral that secures, all or in part, the loan agreement has been sold or is otherwise not available for sale and the proceeds have not been paid to the lending company, or
- A counterparty commits an event of default under the terms and conditions of the loan agreement which leads the lending company to believe that the borrower's ability to meet its credit obligations to the lending company is in doubt.

Exposure at default

Exposure at default ("EAD") is the expected loan balance at the point of default and, for the purpose of calculating the Expected Credit Losses ("ECL"), management have assumed this to be the balance at the reporting date.

Expected Credit Losses

The ECL on an individual loan is based on the credit losses expected to arise over the life of the loan, being defined as the difference between all the contractual cash flows that are due to the Group and the cash flows that it actually expects to receive.

This difference is then discounted at the original effective interest rate on the loan to reflect the disposal period of underlying collateral.

Regardless of the loan status stage, the aggregated ECL is the value that the Group expects to lose on its current loan book having assessed each loan individually.

To calculate the ECL on a loan, the Group considers:

1. Counterparty PD; and
2. LGD on the asset

   whereby: ECL = EAD x PD x LGD

Maximum exposure to credit risk

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Cash and cash equivalents	17,728	6,971	578	184
Loans and advances	14,660	27,705	–	–
Amounts owed by group undertakings	–	–	47,066	49,083
Trade and other receivables	3,532	3,983	658	195
Maximum exposure to credit risk	**35,920**	**38,659**	**48,302**	**49,462**

Loans and advances:

Collateral held as security

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Fully collateralised				
Loan-to-value* ratio:				
Less than 50%	–	3	–	–
50% to 70%	75	75	–	–
71% to 80%	163	250	–	–
81% to 90%	2,185	3,465	–	–
91% to 100%	–	6	–	–
	2,423	**3,799**	**–**	**–**
Partially collateralised				
Collateral value relating to loans over 100% loan-to-value	–	–	–	–
Unsecured lending	**12,247**	**24,032**	**–**	**–**

* Calculated using wholesale collateral values

Concentration of credit risk

The Group maintains policies and procedures to manage concentrations of credit at the counterparty level and industry level to achieve a diversified loan portfolio.

Credit quality

An analysis of the Group's credit risk exposure for loan and advances per class of financial asset, internal rating and "stage" is provided in the following tables. A description of the meanings of stages 1, 2 and 3 is given in the accounting policies set out in note 1.

Risk rating	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	2020 Total £'000	2019 Total £'000
Above average (risk rating 1-2)	6,360	–	–	6,360	8,247
Average (risk rating 3-5)	6,670	–	5	6,675	5,283
Below average (risk rating 6+)	1,635	–	–	1,635	372
Gross carrying amount	**14,665**	**–**	**5**	**14,770**	**13,902**
Loss allowance	(5)	–	(5)	(10)	(123)
Carrying amount	**14,660**	**–**	**–**	**14,660**	**13,779**

Gross Carrying Amount	Stage 1 £'000	Stage 2 £'000	Stage 3 £'000	Total £'000
As at 1 January 2020	13,801	–	101	13,902
Transfer to stage 1	–	–	–	–
Transfer to stage 2	–	–	–	–
Transfer to stage 3	–	–	–	–
Net Loans originated/(repaid)	864	–	(96)	768
As at 31 December 2020	**14,665**	**–**	**5**	**14,670**

Trade receivables

Status at reporting date

The Group has assessed the trade and other receivables in accordance with IFRS 9 and determined that, at the balance sheet date, the lifetime ECL is £nil (2019: £nil).

The contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity is £nil at 31 December 2020 (2019: £nil).

Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due or will have to do so at an excessive cost. This risk arises from mismatches in the timing of cash flows which is inherent in all banking operations and can be affected by a range of Group specific and market-wide events.

Liquidity risk management

Group Finance performs treasury management for the Group, with responsibility for the treasury for each business entity being delegated to the individual subsidiaries. However, in line with the wider Group governance structure, Group Finance performs an important oversight role in the wider treasury considerations of the Group. The primary mechanism for maintaining this oversight is a formal requirement that subsidiaries' Finance teams notify all material Treasury matters to Group Finance.

The main Group responsibilities are to maintain banking relationships, manage and maximise the efficiency of the Group's working capital and long-term funding and ensure ongoing compliance with banking arrangements. The Group currently does not have any offsetting arrangements.

Liquidity stress testing

The Group regularly conducts liquidity stress tests, based on a range of different scenarios to ensure it can meet all of its liabilities as they fall due.

Maturity analysis for financial assets and financial liabilities

The following maturity analysis is based on expected gross cash flows.

As at 31 December 2020	Carrying Amount £'000	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	>5 years £'000
Financial Assets						
Cash and cash equivalents	17,728	17,728	–	–	–	–
Trade and other receivables	3,533	1,956	404	761	372	–
Loans and advances	14,660	2,648	476	2,235	9,077	224
	35,921	**22,332**	**880**	**2,996**	**9,449**	**224**
Financial Liabilities						
Trade payables, other payables and accruals	6,578	3,307	2,627	575	69	–
Borrowings	10,711	25	–	2,179	5,607	2,900
	17,289	**3,332**	**2,627**	**2,754**	**5,676**	**2,900**

Market risk

Market risk is the risk that movements in market factors, such as foreign exchange rates, interest rates, credit spreads, equity prices and commodity prices will reduce the TruFin Group's income or the value of its portfolios.

Market risk management

The TruFin Group's management objective is to manage and control market risk exposures in order to optimise return on risk while ensuring solvency.

The core market risk management activities are:

- The identification of all key market risk and their drivers,
- The independent measurement and evaluation of key market risks and their drivers,
- The use of results and estimates as the basis for the TruFin Group's risk/return-oriented management, and
- Monitoring risks and reporting on them.

Interest rate risk management

The TruFin Group is exposed to the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of the change in market interest rates.

Interest rate risk

Interest rates on loans and advances are charged at competitive rates given current market condition. Should rates fluctuate, this will be reviewed and pricing will be adjusted accordingly.

Vertus's has interest income that is variable in relation to the Bank of England base rate, and interest expense variable to both LIBOR and the Bank of England base rate.

22. Non-controlling interests

The summarised financial information below represents financial information for each subsidiary that has non-controlling interest that are material to the Group. The amounts disclosed for each subsidiary are before intragroup eliminations.

The Group had a 51% ownership share of Vertus Capital and Vertus SPV1 during the year.

Statement of Financial Position	Vertus Capital		Vertus SPV1	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Current assets	4,670	4,757	12,538	10,344
Non-current assets	5	3	–	–
Current liabilities	(144)	(75)	(12,731)	(10,616)
Equity attributable to owners of the Company	2,311	2,390	(98)	(139)
Non-controlling interests	2,220	2,295	(95)	(133)

Income Statement	Vertus Capital		Vertus SPV1	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Revenue	469	268	1,018	339
Expenses	(623)	(247)	(940)	(441)
Profit/(loss) after tax	(154)	21	78	(102)
Profit/(loss) after tax attributable to owners of the Company	(79)	11	40	(52)
Profit/(loss) after tax attributable to the non-controlling interests	(75)	10	38	(50)

Cash Flow Statement	Vertus Capital		Vertus SPV1	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Net cash used in operating activities	(390)	(182)	(2,035)	(3,316)
Net cash used in investing activities	331	71	–	–
Net cash generated from financing activities	–	–	2,043	3,507
Net (decrease)/decrease in cash and cash equivalents	(59)	(111)	8	191

	Vertus Capital		Vertus SPV1	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Balance at 1 January	2,295	–	(134)	–
NCI on acquisition	–	2,285	–	(84)
Share of loss for the year	(75)	10	39	(50)
Balance at 31 December	**2,220**	**2,295**	**(95)**	**(134)**

The Group had a 72% ownership share of Bandana Media Ltd during the year.

Bandana Media Ltd	2020 £'000	2019 £'000
Current assets	61	51
Current liabilities	(4,293)	(3,457)
Equity attributable to owners of the Company	(3,063)	(2,465)
Non-controlling interests	(1,169)	(941)

Bandana Media Ltd	2020 £'000	2019 £'000
Revenue	–	–
Expenses	(824)	(392)
Loss after tax	(824)	(392)
Loss after tax attributable to owners of the Company	(596)	(284)
Loss after tax attributable to the non-controlling interests	(228)	(108)

Bandana Media Ltd	2020 £'000	2019 £'000
Net cash used in operating activities	1	(1)
Net decrease in cash and cash equivalents	1	(1)

Bandana Media Ltd	2020 £'000	2019 £'000
Balance at 1 January	(941)	–
NCI on acquisition	–	(833)
Share of loss for the year	(228)	(108)
Balance at 31 December	**(1,169)**	**(941)**

The Group had a 93.7% effective economic ownership share of Satago Financial Solutions limited at the reporting date.

Satago Financial Solutions Ltd	2020 £'000
Current assets	5,256
Non-current assets	631
Current liabilities	(713)
Equity attributable to owners of the Company	4,880
Non-controlling interests	294

Satago Financial Solutions Ltd	2020 £'000
Revenue	591
Expenses	(3,508)
Loss after tax	(2,916)
Loss after tax attributable to owners of the Company	(2,787)
Loss after tax attributable to the non-controlling interests	(129)

Satago Financial Solutions Ltd	2020 £'000
Net cash used in operating activities	(751)
Net cash used in investing activities	(305)
Net decrease in cash and cash equivalents	(1,056)

Satago Financial Solutions Ltd	2020 £'000
NCI on grant of Satago MIP	496
Share of loss for the year	(129)
Arising from change in non-controlling interest	(73)
Balance at 31 December 2020	**294**

23. Leases

The carrying amounts of the right-of-use assets recognised and the movements during the period are shown in note 13.

The lease liability and movement during the period were:

Group	£'000
Lease liability recognised at 1 January 2020	232
Interest	3
Payments	(115)
Balance at 31 December 2020	**120**

24. Earnings per share

Earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

The calculation of the basis and adjusted earnings per share is based on the following data:

	2020	2019
Number of shares (#)		
At year end	80,822,204	80,822,204
Weighted average	80,822,204	94,043,175
Earnings attributable to ordinary shareholders	**£'000**	**£'000**
Loss after tax attributable to the owners of TruFin plc	(10,971)	(18,070)
Adjusted earnings attributable to ordinary shareholders		
Loss after tax attributable to the owners of TruFin plc	(10,971)	(18,070)
Adjusted for share-based payment	545	2,509
Loss from discontinued operations	–	3,287
Adjusted loss after tax attributable to the owners of TruFin plc	(10,426)	(12,274)
Earnings per share*	Pence	Pence
Basic and Diluted	(13.6)	(19.2)
Adjusted[1]	(12.9)	(13.1)

* All Earnings per share figures are undiluted and diluted.

Adjusted[1] EPS excludes share-based payment expense and loss from discontinued operations from loss after tax

Management has been granted 5,451,578 share options in TruFin plc (see note 6 for details). These could potentially dilute basic EPS in the future, but were not included in the calculation of diluted EPS as they are antidilutive for the years presented as the Group is loss making.

25. Related party disclosures

Transactions with Directors

Transactions with Directors, or entities in which a Director or recent Director is also a Director or partner:

	2020 £'000	2019 £'000
Payment to an ex-Director (see Note 7)	359	–
Consultancy services provided by an ex-Director	29	–
Other related parties	2	8

Key management personnel disclosures are provided in note 5 and 6.

26. Post balance sheet events

Since the year end Oxygen has updated its Management Incentive Plan ("Oxygen MIP"). Under the Oxygen MIP, as reported at the time of TruFin's IPO, participants are entitled to 12.5% of the growth in the value of Oxygen Finance Group over a set hurdle at the time of a sale or flotation of Oxygen Finance Group. This hurdle has now been realigned to reflect only the aggregate amount invested in Oxygen Finance Group, by the Company or any subsidiary or holding company of the Company (by way of either debt or equity), since the TruFin IPO.

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