

Company Registration No. 00414844 (England and Wales)

NCR Financial Solutions Group Limited

Annual report and financial statements

for the year ended 31 December 2020

NCR Financial Solutions Group Limited

Company information

Directors	C Kee	
	K Busfield	(Appointed 1 April 2020)
	LK Moyer	(Appointed 1 April 2020)

Secretary	P Nowakowski
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Company number	00414844
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Registered office	9th Floor 5 Merchant Square London W2 1BQ
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Auditor	Henderson Loggie LLP The Vision Building 20 Greenmarket Dundee DD1 4QB
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NCR Financial Solutions Group Limited

Contents

	Page
Strategic report	1 - 2
Directors' report	3 - 5
Directors' responsibilities statement	6
Independent auditor's report	7 - 9
Profit and loss account	10
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Notes to the financial statements	14 - 34

NCR Financial Solutions Group Limited

Strategic report

for the year ended 31 December 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

The Company provides innovative products and services that enable businesses to connect, interact and transact with their customers and enhance their customer relationships by addressing consumer demand for convenience, value and individual service. Our portfolio of self-service and assisted-service solutions serve customers in the financial services industries and include automated teller machines (ATMs), ATM and financial services software and self-service kiosks and software applications that can be used by consumers to enable them to interact with businesses from their computer or mobile device.

Results and performance

The results of the Company for the year, as set out on page 9 show a profit before tax of £314,000 (2019: £5,552,000). The total profit and loss accumulated deficit is (£27,394,000) (2019: (£20,134,000)).

Exceptional items

During the year the company recognised a total of £1,492,000 (2019: £261,000) in relation to restructuring expenses.

Future developments

NCR Financial Solutions Group Limited's aim is to continue to focus on delivering innovative products to ensure we continue to improve and enhance new and existing products and offerings to maintain our competitive edge in the increasingly fast changing market place.

Principal risks and uncertainties

The COVID-19 pandemic continues to have a significant impact globally. The welfare and safety of our employees is paramount and we continue to monitor developments as they arise to ensure our employees remain safe.

Although we are predominantly a research and development entity with our costs being reimbursed by NCR Corporation, like all businesses we have been impacted by the economic downturn and significant change in working practices and are therefore monitoring events closely as the continuing pandemic unfolds. We operate in the intensely competitive information technology industry. This industry is characterized by rapidly changing technology, evolving industry standards, price and cost reduction and increasingly greater commoditisation of products, making differentiation difficult. Our future competitive performance and market position depend on a number of factors, including our ability to react to competitive product and pricing pressures arising from this pandemic.

Key performance indicators

As referred to above, the nature of our business is research and development with our costs being reimbursed by NCR Corporation. As a result, performance is assessed by group management at corporate level therefore the directors do not look at individual KPIs for an understanding of the development, performance or position of NCR Financial Solutions Group Limited.

NCR Financial Solutions Group Limited

Strategic report (continued)

for the year ended 31 December 2020

Promoting the success of the company

Section 172 statement

The following statement describes how the Directors have had regard to the matters set out in section 172(1)(a) to (f) when performing their duty under Section 172 of the Companies Act 2006.

The company is a subsidiary of NCR Corporation and as such follows many of the processes and practices of that Company, which are further referenced in this statement where relevant. The Directors' obligations with respect to Section 172 requirements are applied through the group's policies and processes.

When making decisions, the Directors ensure that they act in a way that they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

S171(1) (A) "The likely consequences of any decision in the long term"

The Directors understand the business and the evolving environment in which we operate. The strategy followed by the Board, and decisions taken to implement it, is intended to strengthen our position in the marketplace over the longer term.

S172(1) (B) "The interests of the Company's employees"

The Directors acknowledge that the Company's employees are vital to its success. They assume responsibility for safeguarding interests of employees and execute initiatives and programmes designed at the group level, to attract and retain employees with different skill sets, experience and attributes.

S172(1) (C) "The need to foster the Company's business relationships with suppliers, customers and others"

The Directors recognise the importance of clear communication and proactive engagement with stakeholders. Comprehensive engagement enables informed decision making and is integral to the long-term success of the Company. The Directors factor the implications of decisions on stakeholders, where relevant and feasible. The Directors help to ensure that there is fair and ethical selection of suppliers for all products and services by applying NCR's group-wide procurement processes.

S172(1) (D) "The impact of the Company's operations on the community and the environment"

The Directors are committed to supporting economic, cultural, social and educational well-being of communities by investing in innovative programs that provide solutions and benefit to communities at large. The Company strives to minimise the environmental footprint of its operations and products, while also delivering innovative technologies and solutions designed to help businesses and consumers reduce their own environmental footprint.

S172(1) (E) "The desirability of the Company maintaining a reputation for high standards of business conduct"

The Directors apply NCR's Code of Conduct which is designed to provide guidance on the group's standard for upholding NCR's shared values, which form the foundation of business relationships with customers, partners, and suppliers that maintain and guide decisions to achieve the Company's business objectives.

S172(1) (F) "The need to act fairly as between members of the Company"

The Company is wholly owned by NCR Ltd and adheres to the group policies often set by the ultimate parent, NCR Corporation.
On behalf of the board

K Busfield
Director

14 September 2021

NCR Financial Solutions Group Limited

Directors' report

for the year ended 31 December 2020

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

Principal activities

The principal activity of the company continued to be that of the research and development of new products for the NCR Group.

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

G Smith	(Resigned 31 March 2020)
C Kee	
K Busfield	(Appointed 1 April 2020)
LK Moyer	(Appointed 1 April 2020)

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is an employee share scheme in place as a means of further encouraging the involvement of employees in the company's performance.

NCR Financial Solutions Group Limited

Directors' report (continued)

for the year ended 31 December 2020

Energy and carbon report

Energy consumption

Aggregate of energy consumption in the year

kWh
2,449,499

Emissions of CO2 equivalent

Scope 1 - direct emissions

- Gas combustion

Metric
tonnes

248.00

- Fuel consumed for owned transport

-

Metric
tonnes

248.00

Scope 2 - indirect emissions

- Electricity purchased

565.00

Scope 3 - other indirect emissions

- Fuel consumed for transport not owned by the company

6.00

Total gross emissions

819.00

Intensity ratio

Total carbon emissions per £m of revenue in the year to 31 December 2020 were

15

Quantification and reporting methodology

We have calculated the carbon emissions and kWh figures using the UK Government's 2020 Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total carbon emissions in metric tonnes per CO2e per £m of revenue in the year.

Measures taken to improve energy efficiency

In 2020 building operations were rationalised to suit the staffing levels due to COVID. This caused a % reduction of approx. 28% for Electricity and 4% for Gas for the Discovery building.

Statement of disclosure to auditor

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

Business review and future developments

A review of the business and future developments are included in the strategic report.

NCR Financial Solutions Group Limited

Directors' report (continued)

for the year ended 31 December 2020

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in currency risk, liquidity risk and interest rate risk. The company has in place a risk management programme that is overseen by the parent company, NCR Corporation.

On behalf of the board

K Busfield

Director

14 September 2021

NCR Financial Solutions Group Limited

Directors' responsibilities statement

for the year ended 31 December 2020

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

NCR Financial Solutions Group Limited

Independent auditor's report

to the members of NCR Financial Solutions Group Limited

Opinion

We have audited the financial statements of NCR Financial Solutions Group Limited (the 'company') for the year ended 31 December 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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 course of 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.

NCR Financial Solutions Group Limited

Independent auditor's report (continued)

to the members of NCR Financial Solutions Group Limited

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, are detailed below.

NCR Financial Solutions Group Limited

Independent auditor's report (continued)

to the members of NCR Financial Solutions Group Limited

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing board meeting minutes;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the carrying value of tangible fixed assets, debtors and defined benefit pension scheme; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the company operates, we identified the following areas as those most likely to have a material impact on the financial statements: GDPR, Health and Safety; employment law (including the Working Time Directive); and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Gavin Black (Senior Statutory Auditor)
For and on behalf of Henderson Loggie LLP

14 September 2021

Chartered Accountants
Statutory Auditor

The Vision Building
20 Greenmarket
Dundee
DD1 4QB

NCR Financial Solutions Group Limited

Profit and loss account

for the year ended 31 December 2020

		2020	2019
	Notes	£000	£000
Turnover	3	55,360	56,564
Cost of sales		(50,140)	(49,584)
Gross profit		5,220	6,980
Administrative expenses		(2,860)	(3,361)
Other operating income		3,179	2,765
Exceptional items	4	(1,492)	(261)
Operating profit	5	4,047	6,123
Interest receivable and similar income	9	1,981	1,778
Interest payable and similar expenses	10	(5,714)	(2,349)
Profit before taxation		314	5,552
Tax on profit	11	(1,081)	(976)
(Loss)/profit for the financial year		(767)	4,576

The profit and loss account has been prepared on the basis that all operations are continuing operations.

NCR Financial Solutions Group Limited

Statement of comprehensive income

for the year ended 31 December 2020

	2020	2019
	£000	£000
(Loss)/profit for the year	(767)	4,576
Other comprehensive (expenditure)/income		
Actuarial (loss)/gain on defined benefit pension schemes	(8,700)	28,478
Tax relating to other comprehensive expenditure/income	731	(4,841)
Other comprehensive (expenditure)/income for the year	(7,969)	23,637
Total comprehensive (expenditure)/income for the year	(8,736)	28,213

NCR Financial Solutions Group Limited

Balance sheet

as at 31 December 2020

		2020	2019
	Notes	£000	£000
Fixed assets			
Goodwill	12	61	121
Tangible assets	13	15,142	16,693
		<u>15,203</u>	<u>16,814</u>
Current assets			
Debtors	14	46,737	35,352
Cash at bank and in hand		7,237	5,091
		<u>53,974</u>	<u>40,443</u>
Creditors: amounts falling due within one year	15	<u>(165,437)</u>	<u>(153,645)</u>
Net current liabilities		<u>(111,463)</u>	<u>(113,202)</u>
Total assets less current liabilities		<u>(96,260)</u>	<u>(96,388)</u>
Provisions for liabilities			
Deferred tax liability	17	(12,789)	(12,533)
Deferred income	18	(212)	(256)
Net assets excluding pension surplus		<u>(109,261)</u>	<u>(109,177)</u>
Defined benefit pension surplus	19	86,367	93,543
Net liabilities		<u>(22,894)</u>	<u>(15,634)</u>
Capital and reserves			
Called up share capital	21	4,500	4,500
Profit and loss reserves	22	(27,394)	(20,134)
Total equity		<u>(22,894)</u>	<u>(15,634)</u>

The financial statements were approved by the board of directors and authorised for issue on 14 September 2021 and are signed on its behalf by:

K Busfield
Director

Company Registration No. 00414844

NCR Financial Solutions Group Limited

Statement of changes in equity

for the year ended 31 December 2020

	Share capital	Profit and loss reserves	Total
	£000	£000	£000
Balance at 1 January 2019	4,500	(49,796)	(45,296)
Year ended 31 December 2019:			
Profit for the year	-	4,576	4,576
Other comprehensive income:			
Actuarial gains on defined benefit plans	-	28,478	28,478
Tax relating to other comprehensive income	-	(4,841)	(4,841)
Total comprehensive income for the year	-	28,213	28,213
Share option charge	-	1,449	1,449
Balance at 31 December 2019	4,500	(20,134)	(15,634)
Year ended 31 December 2020:			
Loss for the year	-	(767)	(767)
Other comprehensive expenditure:			
Actuarial loss on defined benefit plans	-	(8,700)	(8,700)
Tax relating to other comprehensive expenditure	-	731	731
Total comprehensive expenditure for the year	-	(8,736)	(8,736)
Share option charge	-	1,476	1,476
Balance at 31 December 2020	4,500	(27,394)	(22,894)

NCR Financial Solutions Group Limited

Notes to the financial statements

for the year ended 31 December 2020

1 Accounting policies

Company information

NCR Financial Solutions Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is 9th Floor, 5 Merchant Square, London, W2 1BQ.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

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

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements.

The financial statements of the company are consolidated in the financial statements of NCR Corporation; a company incorporated in the USA.

1.2 Going concern

The company meets its day to day working capital requirements through the group banking facility. The current global economic conditions arising from the COVID-19 pandemic have had a significant impact on the group's operations. The directors of the company have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact. The company has also received confirmation of ongoing financial support from its ultimate parent undertaking, NCR Corporation. Based on these assessments and having regard to the resources available to the group, the directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing these financial statements.

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

1 Accounting policies (continued)

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

The company recognises revenue when specific criteria relating to each of the company's sales channels have been met, as described below.

(i) Research and development, selling and manufacturing

Costs incurred plus a defined uplift which is dependant on the activity that is being performed.

(ii) Software sales

Software revenue is recognised at point of sale. Software maintenance revenue is deferred over the invoice period and recognised at the point when the maintenance service is provided.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Tangible fixed assets

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

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

Freehold buildings	20 years
Leasehold improvements	Lease term
Plant and equipment	2 - 15 years
Tooling	2 - 8 years

Freehold land is not depreciated.

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

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

1 Accounting policies (continued)

1.6 Impairment of fixed assets

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

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

1 Accounting policies (continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

1 Accounting policies (continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

1 Accounting policies (continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method, and is based on actuarial advice.

The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. The cost of plan introductions, benefit changes, settlements and curtailments are recognised as an expense in measuring profit or loss in the period in which they arise.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Remeasurement changes comprise actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability excluding amounts included in net interest. These are recognised immediately in other comprehensive income in the period in which they occur and are not reclassified to profit and loss in subsequent periods.

The net defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.13 Share-based payments

Where the company participates in a share-based payment arrangement established by a group company the company takes advantage of the alternative treatment allowed under Section 26 of FRS 102. The company recognises the share-based payment expense based on an allocation of its share of the group's total expense, calculated in proportion to the number of participating employees. The corresponding credit is recognised in retained earnings as a component of equity.

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

1 Accounting policies (continued)

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.14 Leases

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

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Share based payments

The company's employees have been granted share options by the ultimate parent, NCR Corporation. The company makes use of the exemption in Section 26 of FRS102 to account for the expense based on a reasonable allocation of the parent company's total expense. The company has calculated its allocation of the parent company's total expense based on the number of participating employees in the company compared to the number of participating employees in the group.

The company also considered an allocation based on the relative remuneration cost of the relevant employees and considered that this gave rise to no significant differences in the allocated costs.

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

2 Judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect the current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Impairment of tangible assets

The company makes an assessment whether there are any indicators assets may be impaired. This ensures tangible assets are not carried at more than their recoverable amount.

Impairment of debtors

The company makes an estimate of the recoverable value of trade, intercompany and other debtors. When assessing impairment of debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors, historical experience and other known information.

Defined benefit pension scheme

The company has an obligation to pay pension benefits to certain employees. The costs of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

Onerous Leases

Provision has been made for anticipated rents payable on vacant property leases. The vacant properties are not currently being marketed and no sub tenants are in place and so no recognition has been made of expected rents receivable in the calculation of the provision. Therefore, the provision represents the full liability.

3 Turnover and other revenue

	2020	2019
	£000	£000
Turnover analysed by class of business		
Research and development	40,928	39,513
Selling	971	1,437
Manufacturing	7,861	9,498
Software sales	5,600	6,116
	55,360	56,564

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

3 Turnover and other revenue (continued)

	2020	2019
	£000	£000
Other significant revenue		
Interest income	1,981	1,778
Grants received	43	-
	=====	=====

	2020	2019
	£000	£000
Turnover analysed by geographical market		
United States	46,198	47,585
Europe	8,662	8,732
Pacific	-	16
Latin America	5	72
Middle East and Africa	77	90
United Kingdom	418	69
	=====	=====
	55,360	56,564

4 Exceptional items

	2020	2019
	£000	£000
Expenditure		
Restructuring expenses	806	261
Impairment of tangible fixed assets	34	-
Onerous lease provision	652	-
	=====	=====
	1,492	261

During the year the company has recognised total costs of £1,492,000 (2019 - £261,000) in relation to the restructuring of its geographical locations.

5 Operating profit

	2020	2019
	£000	£000
Operating profit for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	812	1,181
Government grants	(43)	-
Depreciation of owned tangible fixed assets	4,130	3,467
Impairment of owned tangible fixed assets	34	-
Loss on disposal of tangible fixed assets	239	192
Amortisation of intangible assets	60	61
R&D tax credit	(3,136)	(2,026)
Share-based payments	1,476	1,449
Operating lease charges	996	989
	=====	=====

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

6 Auditor's remuneration

	2020	2019
	£000	£000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	29	29

7 Employees

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

	2020	2019
	Number	Number
Engineering	410	404
Manufacturing	33	39
Other	167	156
Total	610	599

Their aggregate remuneration comprised:

	2020	2019
	£000	£000
Wages and salaries	32,029	33,104
Social security costs	3,576	3,733
Pension costs:		
Defined contribution	2,067	2,027
Defined benefit	2,228	1,446
	39,900	40,310

During the year, redundancies totalled £805,000 (2019 - £261,000) and were in relation to restructuring within the business and are included within exceptional items in the profit and loss account.

8 Directors' remuneration

Directors' costs are paid by other group companies, NCR Limited and NCR Corporation, and as such there is no charge for these costs in the current or prior year.

Directors are considered to be key management personnel.

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

9 Interest receivable and similar income

	2020	2019
	£000	£000
Interest income		
Interest on the net defined benefit asset	1,960	1,778
Interest receivable from group undertakings	21	-
	<u></u>	<u></u>
Total income	1,981	1,778
	<u></u>	<u></u>

10 Interest payable and similar expenses

	2020	2019
	£000	£000
Interest payable to group undertakings	5,714	2,349
	<u></u>	<u></u>

11 Taxation

	2020	2019
	£000	£000
Current tax		
UK corporation tax on profits for the current period	-	(706)
Adjustments in respect of prior periods	85	(446)
	<u></u>	<u></u>
Total UK current tax	85	(1,152)
Foreign current tax on profits for the current period	9	9
	<u></u>	<u></u>
Total current tax	94	(1,143)
	<u></u>	<u></u>
Deferred tax		
Origination and reversal of timing differences	355	2,027
Changes in tax rates	561	(213)
Adjustment in respect of prior periods	71	305
	<u></u>	<u></u>
Total deferred tax	987	2,119
	<u></u>	<u></u>
Total tax charge	1,081	976
	<u></u>	<u></u>

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

11 Taxation (continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£000	£000
Profit before taxation	314	5,552
	=====	=====
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2019: 19%)	60	1,055
Tax effect of expenses that are not deductible in determining taxable profit	194	120
Tax effect of income not taxable in determining taxable profit	(106)	(18)
Adjustments in respect of prior years	85	(446)
Effect of change in corporation tax rate	561	(213)
Share based payment charge	207	164
Under/(over) provided in prior years	71	305
Withholding tax suffered	9	9
	=====	=====
Taxation charge for the year	1,081	976

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020	2019
	£000	£000
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	(731)	4,841
	=====	=====

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19% and this was effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by the Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of corporation tax, maintaining the current rate of 19%.

On 3 March 2021, the UK Budget 2021 announcements included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. The impact of the change in tax rate from 19% to 25% on the year end deferred tax position would be an increase in the liability of £4,039,000.

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

12 Intangible fixed assets

	Goodwill
	£000
Cost	
At 1 January 2020 and 31 December 2020	11,941
Amortisation and impairment	
At 1 January 2020	11,820
Amortisation charged for the year	60
At 31 December 2020	11,880
Carrying amount	
At 31 December 2020	61
At 31 December 2019	121

£60,565 (initial cost £9,855,587) represents mobile ticketing software assets first acquired following the hive up of assets Mobiqa Limited in 2011. These assets are recorded in the balance sheet at fair value based on future cashflows and will be recovered over the assets useful life. Mobiqa Limited is being amortised on a straightline basis over 10 years. The remaining amortisation period is 1 year. Due to a drop in expected revenue, an impairment of £2,441,467 was recorded in a prior year.

Costs incurred in developing software for a manufacturing execution system based in the Columbus plant (initial cost £310,776) are now fully amortised.

Network Controls International Limited software assets (initial cost £1,651,482) are now fully amortised.

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

13 Tangible fixed assets

	Freehold buildings £000	Leasehold improvements £000	Plant and equipment £000	Tooling £000	Total £000
Cost					
At 1 January 2020	33	8,473	16,622	38,973	64,101
Additions	-	1	937	1,914	2,852
Disposals	-	-	(270)	(286)	(556)
At 31 December 2020	33	8,474	17,289	40,601	66,397
Depreciation and impairment					
At 1 January 2020 as restated	-	5,283	11,792	30,333	47,408
Depreciation charged in the year	-	569	1,709	1,852	4,130
Impairment losses	-	33	1	-	34
Eliminated in respect of disposals	-	-	(255)	(62)	(317)
At 31 December 2020	-	5,885	13,247	32,123	51,255
Carrying amount					
At 31 December 2020	33	2,589	4,042	8,478	15,142
At 31 December 2019	33	3,190	4,830	8,640	16,693

More information on impairment movements in the year is given in note 4.

14 Debtors

	2020 £000	2019 £000
Amounts falling due within one year:		
Trade debtors	-	5
Corporation tax recoverable	4,106	3,240
Amounts owed by group undertakings	41,918	30,924
Other debtors	221	459
Prepayments and accrued income	492	724
	46,737	35,352

Amounts owed by group undertakings are unsecured, interest free and repayable on demand. NCR group operates a bank interest pool facility and bank interest is earned at a rate of 0.0099306% (2019 - 0.0126126%) for USD balances. At the year end there were no amounts owed in respect of this interest (2019 - £Nil).

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

15 Creditors: amounts falling due within one year

	Notes	2020 £000	2019 £000
Bank overdraft	16	142,657	131,954
Trade creditors		7,752	6,558
Amounts owed to group undertakings		9,746	9,856
Taxation and social security		1,016	1,227
Deferred income	18	44	46
Other creditors		3,384	2,869
Accruals		838	1,135
		<u>165,437</u>	<u>153,645</u>

Amounts due to group undertakings are unsecured, interest free, have no fixed maturity date and are repayable on demand. NCR group operates a bank interest facility and bank interest is earned at a rate of 0.0099306% (2019 - 0.0126126%) for USD balances. The same rate of interest is also applied when the bank account is in overdraft. At the year end there were no amounts due in respect of this interest (2019 - £Nil).

16 Borrowings

	2020 £000	2019 £000
Bank overdraft	<u>142,657</u>	<u>131,954</u>
Payable within one year	<u>142,657</u>	<u>131,954</u>

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £000	Liabilities 2019 £000
Balances:		
Accelerated capital allowances	(2,854)	(2,948)
Tax losses	(495)	-
Retirement benefit obligations	16,410	15,903
Short term timing differences	(272)	(422)
	<u>12,789</u>	<u>12,533</u>

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

17 Deferred taxation (continued)

	2020
	£000
Movements in the year:	
Liability at 1 January 2020	12,533
Charge to profit or loss	987
Credit to other comprehensive income	(731)
	12,789
Liability at 31 December 2020	12,789

Deferred tax is not recognised in respect of tax losses of £124,874,431 (2019 - £124,874,431) as it is not certain that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

The provision for deferred tax relates to the deferred tax liability on the defined benefit pension asset less deferred tax assets recognised on accelerated capital allowances and short term timing differences.

18 Deferred income

	2020	2019
	£000	£000
Other deferred income	256	302
	256	302
Deferred income is included in the financial statements as follows:		
Current liabilities	44	46
Shown as deferred income on the face of the balance sheet	212	256
	256	302

19 Retirement benefit schemes

The group operates a hybrid pension plan for its employees in the UK. Members' benefits are a combination of both defined benefit and defined contribution elements. The defined benefit element provides retirement benefits on the basis of members' final salary. On 15 July 2004, the defined benefit pension scheme element was closed to new entrants. Employees who joined the company subsequently had access to a new defined contribution scheme. The Plan closed to future accrual as at 30 November 2015.

	2020	2019
	£000	£000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	2,067	2,027

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

There are no amounts prepaid or outstanding at the year end.

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

19 Retirement benefit schemes (continued)

Defined benefit schemes

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2020 by Mercer Limited, Fellow of the Institute of Actuaries, independent consulting actuaries. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

<i>Key assumptions</i>	2020 %	2019 %
Discount rate	1.4	2.1
Expected rate of increase of pensions in payment	2.9	2.8
Expected rate of salary increases	3.0	3.0
	=====	=====
<i>Mortality assumptions</i>	2020	2019
Assumed life expectations on retirement at age 65:	Years	Years
Current pensioners		
- Males	21.8	21.70
- Females	23.7	23.60
	=====	=====
Future pensioners		
- Males	21.7	22.8
- Females	23.6	25.5
	=====	=====
	2020	2019
<i>Amounts recognised in the profit and loss account</i>	£000	£000
Current service cost	50	-
Net interest on net defined benefit liability/(asset)	(1,960)	(1,778)
Other costs and income	2,178	1,446
	=====	=====
Total costs/(income)	268	(332)
	=====	=====
	2020	2019
<i>Amounts taken to other comprehensive income</i>	£000	£000
Actual return on scheme assets	(66,651)	(64,523)
Less: calculated interest element	10,417	13,113
	=====	=====
Return on scheme assets excluding interest income	(56,234)	(51,410)
Actuarial changes related to obligations	64,934	22,932
	=====	=====
Total costs/(income)	8,700	(28,478)
	=====	=====

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

19 Retirement benefit schemes (continued)

The amounts included in the balance sheet arising from the company's obligations in respect of defined benefit plans are as follows:

	2020	2019
	£000	£000
Present value of defined benefit obligations	(464,858)	(413,964)
Fair value of plan assets	551,225	507,507
Surplus in scheme	86,367	93,543

	2020
	£000
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 January 2020	413,964
Current service cost	50
Benefits paid	(22,547)
Actuarial gains and losses	64,934
Interest cost	8,457
At 31 December 2020	464,858

The defined benefit obligations arise from plans which are wholly or partly funded.

	2020
	£000
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 January 2020	507,507
Interest income	10,417
Return on plan assets (excluding amounts included in net interest)	56,234
Benefits paid	(22,547)
Contributions by the employer	1,792
Other	(2,178)
At 31 December 2020	551,225

	2020	2019
	£000	£000
<i>Fair value of plan assets at the reporting period end</i>		
Equity instruments	39,084	63,172
Debt instruments	120,288	116,541
LDI and alternatives	339,623	324,682
Cash and cash equivalents	52,230	3,112
	551,225	507,507

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

19 Retirement benefit schemes (continued)

The equity instruments held in the plan assets are quoted and are valued at current bid price following adoption of the amendment to Section 28 'Retirement Benefits'. This adoption took place in both 2019 and 2018.

The actual return on plan assets was £66,651,000 (2019 - £64,523,000).

Scheme assets do not include any of NCR Financial Solutions Group Limited's own financial instruments, or any property occupied by NCR Financial Solutions Group Limited.

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each class net of expenses. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return of assets assumption for the portfolio.

The total current service income/cost for 2020 and 2019 is included in cost of sales.

The company expects to contribute £5,000,000 to the pension plan in 2021 (2019 - £1,344,000 expected contributions for 2020).

20 Share-based payment transactions

Certain employees of the company along with other group employees have been granted options over the shares in NCR Corporation. The options are granted with a fixed exercise price, are exercisable three years after the date of grant and expire five years after the date of grant. Employees are required to remain in employment with the group. The group makes annual grants in February each year.

On exercise of the shares by the employees, the company is charged the intrinsic value of the shares by NCR Corporation. Payments of £1,476,000 (2019 - £1,449,000) were recognised directly in equity.

21 Share capital

	2020	2019	2020	2019
	Number	Number	£000	£000
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	4,500,000	4,500,000	4,500	4,500

The company has one class of ordinary shares and each share carries one vote and is entitled to participate pari passu in any dividend or capital distribution. On liquidation, surplus assets are to be distributed among the ordinary shares. The ordinary shares are not redeemable at the option of the company or the holder.

22 Profit and loss reserves

Profit and loss reserves represents comprehensive income for the current and prior financial periods less dividends paid.

NCR Financial Solutions Group Limited

Notes to the financial statements (continued)

for the year ended 31 December 2020

23 Operating lease commitments

Lessee

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

	2020	2019
	£000	£000
Within one year	932	953
Between two and five years	3,229	3,321
In over five years	610	1,343
	4,771	5,617

24 Ultimate controlling party

The immediate parent undertaking is NCR Limited, a company registered in the UK. NCR has taken advantage of the exemption from preparing consolidated financial statements under the terms of Section 401 of the Companies Act 2006.

The ultimate parent undertaking and controlling party is NCR Corporation, a company incorporated in the United States of America. NCR Corporation is the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2019. The consolidated financial statements of NCR Corporation are available publicly from 3097, Satellite Boulevard Building 800, Third Floor, Duluth, Georgia 30096, USA.

The company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the NCR group.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.