
TRUST PAYMENTS LTD**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

3. Critical accounting estimates and judgements (continued)**Incremental borrowing rate**

The group makes an estimate of the incremental borrowing rate which is used to calculate the present value of lease obligations on agreements entered that do not contain an implicit rate of interest. When assessing the incremental borrowing rate management consider current interest rates on group or subsidiary loans and interest rates available in the market place. See Note 24 for the future minimum lease payments and the present value of minimum lease payments. The incremental borrowing rate for additions in the year was 10% (2020: no additions).

Impairment of amounts due from group undertakings

The company makes an estimate of the recoverable value of amounts due from group undertakings. The company considers the risk of impairment by assessing the credit worthiness of the counterparty. See Note 17 for the net carrying amount of amounts due from group undertakings.

Share based payments

The group has adopted long-term incentive plans whereby share-based awards have been granted to certain employees. The group uses judgement in evaluation the key terms and conditions of share-based awards to determine whether the share-based award should be classified and accounted for as equity or as a liability when the share-based awards are issued. The classification of the award impacts the timing and frequency of the fair market value calculation of the award. The nature of the share-based awards granted were determined to be equity settled. Recognised in the group's consolidated accounts is a share based payment expense of £731,344 (2020: £Nil) in relation to equity-settled share based payments in the parent, Trust Payments Holdings Ltd.

Asset acquisition

On 29 April 2021 Trust Payments Ltd acquired 100% of the issued share capital of Core Cloud Group Ltd (trading as Stor), a company offering an all-in-one eCommerce platform that allows merchants to start an online shop to sell their products or services. Core Cloud Group Ltd has been treated as asset acquisition rather than a business combination, under IFRS 3 as it met the requirements of the concentration test as a group of similar identifiable assets.

The total consideration payable in respect of this acquisition is dependent on future net revenue generation. The consideration has been principally allocated to the entity's primary asset; technology, and the directors have estimated the future amount payable having prepared forecasts for the acquired technology. A liability has been recognised for the future estimated consideration.