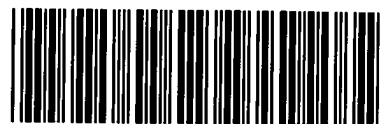


Company Registration No. 10535808 (England and Wales)

LINK SCHEME HOLDINGS LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2024

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LINK SCHEME HOLDINGS LTD

COMPANY INFORMATION

Directors Sir Mark Boleat (Chair)
Alison Cottrell
Christopher Davis
John Gill
John Howells
William Raynal
David Rigney
Sushil Saluja

Company number 10535808

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29 Wellington Street
Leeds
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LS1 4DL
United Kingdom

Auditor PKF Littlejohn LLP
3rd Floor
One Park Row
Leeds
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LINK SCHEME HOLDINGS LTD

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LINK SCHEME HOLDINGS LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

Business review

The principal activity of the group is that of operating the LINK network. LINK operates the UK's cash machine network which connects the country's 44,000 ATMs and operates a range of access to cash activities. The LINK Scheme's members are the 29 industry organisations that issue ATM cards and deploy ATMs in the UK.

Link Scheme Holdings Ltd ("LSHL") is a company limited by guarantee without share capital. Its guarantors are the LINK network members. LSHL is responsible for the running of the LINK Scheme through its wholly owned subsidiary, Link Scheme Ltd ("LSL"). LINK is a not-for-profit organisation with a public interest remit. It works closely with the Treasury and its regulators, the Bank of England, the Payment Systems Regulator and the Financial Conduct Authority. LINK's objective is to ensure consumers can continue to access cash for as long as they need it, protecting the network's footprint, managing it in a secure and effective way and helping to tackle financial inclusion. LINK's access to cash role also includes acting as a coordination body, having been designated as such by the Treasury on 24 May 2024. In this part of its role, LINK is notified by those designated firms that choose to participate in LINK's coordination arrangements of their intention to close branches, and LINK then assesses the impact of the closure on the local area. Where LINK identifies a gap in cash access services that causes a significant impact on communities it recommends new cash facilities such as shared banking hubs and deposit services. Responsibility for implementing LINK's recommendations is with the bank or banks concerned, some of whom choose to use a bank-owned infrastructure company called Cash Access UK for implementation.

Total transaction volumes in 2024 were 1,388 million, a 7% reduction on 2023. Recent years have seen swings in ATM use but now ATM and cash use is very close to where it was forecast to be before the pandemic with ATM transactions in 2024 almost half of what they were in 2019. The total value of cash dispensed in 2024 was £80.0 billion, a reduction of 2% on 2023, and aligned to the increasing average withdrawal value. LINK expects the structural decline in cash use that we were seeing before the pandemic to continue. However, LINK's research shows that, while most consumers are increasingly happy to use cards or phones for their day-to-day payments, they also want cash to continue as an option for payments. And at least five million consumers are still dependent on cash.

In order to reduce the impact on member fees for 2024 LINK had decided to utilize some of its brought forward reserves to fund 2024 activities. This meant that LINK had budgeted a sizeable deficit for the year. While 2024 transaction-related member fees eventually turned out to be lower than budget, this shortfall was more than made up by higher interest income as interest rates stayed higher for longer than originally anticipated. With expenditure in line with budget, LINK therefore posted a much smaller post tax deficit of £492,441 than originally projected (2023 deficit: £80,425). The resulting reduction in reserves was partly offset by the annual adjustment to capital from members in accordance with the CPMI-IOSCO Principles for Financial Market Infrastructures, which for 2024 was £217,447. The group's total capital and reserves therefore reduced slightly to £10,909,569 from £11,184,563 at 31 December 2023 but remain at a satisfactory level.

Future developments

The National Payments Vision (NPV) was published on 14 November 2024 and sets out the Government's ambition for a "trusted, world-leading payments ecosystem delivered on next-generation technology, where consumers and businesses have a choice of payment methods to meet their needs". The design of the new ecosystem is expected to be completed by the end of 2025. Real time payments, account-to-account payments, tokenisation, wallets, open banking and the digital pound are all in scope. Financial inclusion appears to be a key policy requirement. To support that, interoperability with existing payments systems such as LINK ATMs is being strongly encouraged.

Research and development

Based on industry requirements, including suggestions from members, LINK engages periodically with its infrastructure provider, Vocalink, to further develop and enhance the ATM network switch and therefore the services offered to members and consumers. In 2024, the main development activity was to complete the implementation of automated cash deposits across the LINK network.

LINK has completed a feasibility study on the introduction of contactless ATM transactions to the LINK network. This would be required for the interoperability with payments systems envisaged in the NPV. Further work in this area is ongoing.

LINK SCHEME HOLDINGS LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Key performance indicators

The directors consider that the group's key performance indicators ("KPIs") that communicate financial performance are as follow:

	2024 £	2023 £
Loss for the year	(492,441)	(80,425)
Capital and reserves	10,909,569	11,184,563
Year-end cash balance	24,627,918	24,456,415

As a not-for-profit organisation, any profit is taken into account when setting future fees with the objective of LINK to be breakeven over the long term subject to financial resilience requirements.

Capital and reserves, which is an important indicator of financial resilience, decreased slightly as a result of the deficit for the year, net of the annual CPMI-IOCSO adjustment. In 2024, the Board agreed to increase the financial resilience reserve from £2.0 million to £2.1 million. This amount is included in the overall capital and reserves figure above. The financial resilience reserve was originally established in 2020 following a review of minimum capital requirements under the IOSCO Principles for Financial Markets Infrastructures.

The year-end cash balance increased slightly as a result of funding calls totalling £3.1 million raised to finance the group's access to cash and coordination body activities, (particularly the direct commissioning of ATMs), net of related expenditure in the year and the impact of the general operating deficit.

Corporate governance

The 2018 Corporate Governance Code (the Code) was updated in January 2024 following a consultation which concentrated on a limited number of changes. The 2024 Code will apply to financial years beginning on or after 1 January 2025. The 2018 Code remains in place until this time. While the Code applies to listed companies and therefore does not specifically apply to Link Scheme Holdings Ltd, the Board has considered the requirements relevant to the group in preparing this report.

Board leadership and company purpose

Even prior to the coronavirus crisis, consumers in the UK were reducing their use of cash for payments and increasing their use of digital mechanisms. LINK volumes have almost halved since the start of the pandemic. Volumes are not expected to recover and reductions in cash usage for payments are anticipated to continue.

Despite this ongoing reduction, it is recognised that many consumers, including high numbers of the more vulnerable, still rely on cash. Transactional cash, albeit at lower volume, is therefore likely to be needed by consumers for many years to come. This ongoing reduction in volumes has placed increasing strain on maintaining the cash infrastructure. This includes the country's network of 44,000 ATMs, which accounts for around 90% of the cash distributed to UK consumers.

Cash Infrastructure provision is a competitive market and there is not a central utility deciding on the location of ATMs, or other facilities such as bank branches. LINK has therefore been established with a primary focus of delivering access to cash for UK consumers for as long as they need it. It is a not-for-profit company limited by guarantee. There is a strong and independent Board of directors. Ownership, but not control, lies with the membership and there is a clear public interest objective. LINK also has an active independent Consumer Council which provides advice on consumer issues and represents the interests of consumers in the governance and development of the network. This governance structure helps LINK to navigate the commercial and political tensions that exist between the competitors in cash provision as it is focused on the public good alone. LINK is regulated by the Bank of England as a Financial Market Infrastructure; by the Payment Systems Regulator to support the competitive, innovative, and end user components of this strategy; and by the Financial Conduct Authority in connection with its activities as a coordination body.

LINK SCHEME HOLDINGS LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Board leadership and company purpose (continued)

Legislation in respect to access to cash was passed in the summer of 2023 and places formal access to cash obligations on a number of banks and building societies. In anticipation of this legislation, LINK took on the role of an industry "coordination body" to support access to cash. LINK assumed this role in January 2022 and now has responsibility for independently assessing the needs of any community that faces the closure of a core cash service, such as a bank branch or ATM, against agreed criteria. LINK will then determine whether a new solution should be provided to meet that community's cash needs. LINK was designated by the Treasury as a coordination body in 2024, following which LINK became subject to the supervision of the Financial Conduct Authority with effect from 18 September 2024.

It is also a necessity, regardless of commercial and political factors, for any payment system to maintain consumer confidence in its safety and integrity. Without this confidence, any payment system will simply not be used. LINK's Board therefore manages the network to high levels of operational resilience, which entails a detailed understanding and management of system-wide risks. This is not only a consumer requirement, but a regulatory obligation, as LINK is designated as the systemic risk manager of the LINK payment system by the Bank of England.

The LINK team headcount grew in 2024 by 16%. From the original team of 9 in 2016, headcount is now at 80 full time equivalents (FTEs).

The Board recognises that such change needs to be managed carefully, with a particular emphasis on good staff engagement and clear staff communication. It achieves this through regular reviews at Board meetings, by active involvement of directors and senior management with staff communications, and by the use of best practice human resources techniques.

The development of LINK's equality, diversity and inclusion strategy is ongoing and includes steps to measure and increase diversity and inclusion. The Board also regularly considers LINK's approach to environmental, social and governance issues and has a number of initiatives underway as part of its core strategy in relation to financial inclusion and governance best practice.

The forward priorities for people, agreed with the Board, are aimed at increasing the resilience of the expanded team. These aims are currently succession planning, learning and development, and staff communications.

In order to ensure that issues relating to the workforce are clearly understood and considered by the Board, the senior management team attends Board meetings, and the CEO is a Board director. Regular updates on human resources are provided to the Board. The CEO and senior management team lead a workforce engagement programme to provide insight on the views of the workforce. This includes regular update meetings between senior management and the full team, regular written updates on company performance, and input from staff on a diverse range of matters from strategy to corporate and social responsibility.

Division of responsibilities

The Board carefully considers the standing of all non-executive directors and whether there are any conflicts of interest that would be of concern.

The Board has considered and confirms that all non-executive directors are independent under the company Articles.

The Board had three main committees for most of 2024: Audit Committee, Risk Committee, and Remuneration and Nominations Committee. In November 2024, and in line with good practice, the Board agreed to separate the existing Remuneration and Nominations Committee into two separate committees. There were no meetings of either the separated Remuneration Committee or Nomination Committee in 2024. The Board has delegated specific responsibilities to each of the committees under formal terms of reference. The main activities of each are described below and their performance is assessed on an annual basis. Minutes of each meeting are distributed to the Board.

LINK SCHEME HOLDINGS LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Division of responsibilities (continued)

The Board and committee attendance record for 2024 is as follows:

	LSHL Board	Audit Committee	Risk Committee	Remuneration and Nominations Committee
Sir Mark Boleat	11 (11) Chair	4 (4) Guest	4 (4)	2 (2)
Alison Cottrell	2 (2)	1 (1) Guest	1 (1) Guest	-
Christopher Davis	11 (11)	4 (4)	1 1 Chair (2)	-
John Gill	11 (11)	4 (4)	3 Chair 1 (4)	2 (2) 1 as Chair
Tracey Graham	10 (11)	-	-	1 (1)
John Howells	11 (11)	4 (4)	4 (4)	2 (2)
Lord David Hunt of Wirral	11 (11)	-	-	1 (1) Chair
William Raynal	11 (11)	3 inc 1 as acting Chair (4)	3 (4)	-
David Rigney	11 (11)	3 (4) Chair	4 (4)	2 (2)
Sushil Saluja	2 (2)		1 (1) Guest	

() denotes number of meetings eligible to attend

Composition, succession and evaluation

A Board effectiveness review is carried out annually by means of a formal questionnaire and individual meetings between the Chair and directors. Periodically this review is carried out by an external independent organisation, the most recent being in 2022.

As noted earlier, one of the committees that supports the Board was the Remuneration and Nominations Committee: at the end of 2024 this was split into two separate Committees, being the Remuneration Committee and the Nomination Committee. These Committees are chaired by the senior independent director. Directors are mindful of the requirements of the code in relation to remuneration and nominations matters and apply it where appropriate in a manner commensurate with the size and scale of the organisation.

Succession planning is reviewed regularly by the Board in terms of directors, and the Remuneration Committee and Nomination Committee in terms of senior management where recommendations are made to the Board for consideration.

Remuneration policies follow market best practice, and external expert advice is used periodically to benchmark compensation structures and levels. Nominations also follow market best practice and external expert advice is used for key appointments, taking into account the requirements of company strategy, regulatory non-objection requirements, and matters such as diversity and inclusion.

The committees work directly for the Board and report their approach and recommendations to the Board for its consideration. Of the seven directors (excluding the CEO), six are male and one is female. Of the seven senior managers (including the CEO), six are male and one is female.

LINK SCHEME HOLDINGS LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Audit, reporting, risk management (including principal risks and uncertainties) and internal control

The Audit Committee meets at least four times a year and monitors the financial reporting of the company and group, ensuring that the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for members to assess the group and company's position and performance, business model and strategy. Issues such as revenue recognition, the accounting treatment of financial contributions from LINK members and other accounting policies are considered by the Audit Committee.

In 2024, a competitive tender exercise was undertaken by the Audit Committee to select a new external auditor. The incumbent, PricewaterhouseCoopers LLP, had been in place since 2015 and the Audit Committee's Terms of Reference state that the audit services contract is put out to tender at least once every ten years to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditors with those of other audit firms. Following that competitive tender process, PKF Littlejohn LLP has been appointed as LINK's new external auditor. Further to the appointment of PKF Littlejohn LLP, a review of the service provided by the external auditors, and its independence, and recommendation on re-appointment of the auditors will be conducted in September 2025. In evaluating the service provided, the Audit Committee considers the competency of the team assigned to the company and group, how areas such as conflict have been addressed, and how substantive accounting issues and policies are handled.

LINK understands that the external auditors must remain independent and objective throughout the provision of its external audit services and when formulating its audit opinion. The provision of additional non-audit related services by the external auditors has the potential to impinge upon its independence and objectivity. This can also give rise to an external perception that the external auditors' independence and objectivity is compromised. The non-audit services policy therefore sets relevant criteria which need to be met prior to the appointment of professional financial advisors for non-audit services to safeguard the independence and objectivity of the external auditors.

The responsibilities of the directors in relation to the preparation of the annual report and financial statements are contained in a directors' responsibilities statement. The directors consider that the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for members to assess the group and company's position and performance, business model and strategy.

LINK outsources its internal audit function to access the enhanced experience and expertise that this approach brings to a small organisation. BDO LLP is the company's internal auditor. The appointment is subject to regular review and a periodic tender exercise. Internal audit is responsible for the monitoring of internal control systems and providing assurance to the Board and Audit Committee on the robustness and integrity of LINK's controls.

The Board is advised by the Risk Committee which undertakes detailed consideration of risk issues, and therefore LINK's overall risk profile. The Risk Committee meets on a quarterly basis and is chaired by an independent non-executive director. The Committee considers a variety of risk-related management information, including performance, in managing key risks to the achievement of LINK's strategic plan. This management information is collected and verified by LINK's risk and compliance team which maintains a detailed risk register, updated on a monthly basis and discussed at regular senior management team risk meetings. The results of the Risk Committee's analysis of LINK's risk profile are reported to the Board along with appropriate recommendations for the Board's approval. The Board also receives a summary of the key risks facing LINK at each Board meeting for consideration.

LINK SCHEME HOLDINGS LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Audit, reporting, risk management (including principal risks and uncertainties) and internal control (continued)

As LINK's core service offering has not significantly changed in the last 12 months, the risks facing LINK remain relatively static, and include the resilience of the Scheme, the sustainability of the Scheme and the infrastructure to maintain it in the face of declining ATM transaction volumes, and the threat of cyber-attack. Detailed action plans to address these risks continue to evolve and are constantly monitored by LINK's risk and compliance team, with performance against those action plans reported to the Risk Committee and the Board. As noted earlier, LINK's designation by the Treasury as a coordination body represents a new strategic direction for LINK, and therefore brings with it a number of risk issues. The risks of that designation, including the impact on LINK's other operations, the potential regulatory liability, and the relationship between LINK as coordination body and other key stakeholders, together with the controls in place to address those risks, are all considered and discussed at the Risk Committee.

The Risk Committee operates in accordance with an annual programme of work, which includes an annual review of LINK's enterprise risk management framework and the associated risk taxonomy and risk appetites. The results of that review are then recommended to the Board for its consideration and, if appropriate, approval. In addition, the performance of the Risk Committee is assessed on an annual basis by means of a self-assessment process, informed by a questionnaire completed by the Risk Committee members and attendees. The terms of reference of the Risk Committee are reviewed at the same time to ensure they remain fit for purpose. The results of that self-assessment exercise and any recommended changes in the terms of reference are shared with the Board, which then assesses the performance of the Risk Committee and considers any recommendations.

The material controls in place in respect of key risks are overseen on a regular basis by the risk and compliance team, with deep dive activity undertaken in accordance with a compliance assurance plan, which is approved each year by the Risk Committee. The performance of those controls, and the completion of actions to improve LINK's control framework, is reported to the Risk Committee on a quarterly basis.

Going concern

The statement that the group and company is a going concern is contained in the Directors' Report. As part of its going concern review, the Board has reviewed income and expenditure and working capital forecasts for a period covering two years after the balance sheet date. This period covers the current year (2025) where the budget and membership fees have been agreed and the following year (2026) where there is a reasonable understanding of the levels at which the budget and membership fees will be set. The Board has a reasonable expectation that the group and company will be able to continue in operation and meet their liabilities as they fall due over this period.

Remuneration

The work of the Remuneration and Nominations Committee is described in the section on Composition, Succession and Evaluation above. Directors are mindful of the requirements of the Code in relation to remuneration and nominations matters and apply it where appropriate in a manner commensurate with the size and scale of the organisation.

LINK SCHEME HOLDINGS LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

The remuneration of the directors is as follows:

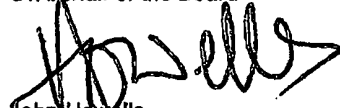
	2024 (£)				
	Salary/Fees (Gross)	Bonus	Benefits	Pension Contribution	Total
Sir Mark Boleat (Chair)	155,000	-	-	-	155,000
Alison Cottrell #	9,167	-	-	-	9,167
Christopher Davis	59,141*	-	-	-	59,141
John Gill	65,000*	-	-	-	65,000
Tracey Graham	65,000*	-	-	-	65,000
John Howells (Chief Executive)	349,092	87,273	32,872	38,400	507,637
Lord David Hunt of Wirral	65,000*	-	-	-	65,000
William Raynal	55,000	-	-	-	55,000
David Rigney	65,000*	-	-	-	65,000
Sushil Saluja #	9,167	-	-	-	9,167
Total	896,567	87,273	32,872	38,400	1,055,112

	2023 (£)				
	Salary/Fees (Gross)	Bonus	Benefits	Pension Contribution	Total
Sir Mark Boleat (Chair)	155,000	-	-	-	155,000
Christopher Davis	55,000	-	-	-	55,000
John Gill	65,000*	-	-	-	65,000
Tracey Graham	65,000*	-	-	-	65,000
John Howells (Chief Executive)	332,469	83,117	32,130	36,572	484,288
Lord David Hunt of Wirral	65,000*	-	-	-	65,000
William Raynal	55,000	-	-	-	55,000
David Rigney	65,000*	-	-	-	65,000
Total	857,469	83,117	32,130	36,572	1,009,288

* includes £10,000 p.a. for chairing a committee

appointed 1 November 2024.

On behalf of the Board


John Howells
Director

5 June 2025

LINK SCHEME HOLDINGS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their report and audited financial statements of the group and company for the year ended 31 December 2024.

Principal activities

The principal activity of the group is that of operating the LINK network. LINK operates the UK's cash machine network which connects the country's 44,000 ATMs and operates a range of access to cash activities. The LINK Scheme's members are the 29 industry organisations that issue ATM cards and deploy ATMs in the UK. The principal activity of the company is that of a holding company.

Future outlook

Likely future developments in the business of the group and company are discussed within the Strategic Report starting on page 1.

Stakeholder engagement

Our statements summarising our stakeholder engagement are discussed in the Strategic Report starting on page 1.

Results and dividends

The results for the year are set out on page 14.

Directors

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

Sir Mark Boleat (Chair)	
Alison Cottrell	(Appointed 1 November 2024)
Christopher Davis	
John Gill	
Tracey Graham	(Retired 31 December 2024)
John Howells	
Lord David Hunt of Wirral	(Retired 31 December 2024)
William Raynal	
David Rigney	
Sushil Saluja	(Appointed 1 November 2024)

Going concern

The Board regularly reviews the financial position of the group and company in addition to the principal risks and uncertainties that it faces. The Board has undertaken a review of the group and company's ability to continue as a going concern, including its latest budgets and forecasts. The annual budget has been agreed based on a conservative view of likely LINK transaction volumes and, in conjunction with the satisfactory capital and reserves position brought forward, is sufficient to enable the group and company to operate for at least the next 12 months from the date of signing these financial statements. Financial modelling based on extreme but plausible scenarios, including an acceleration in the decline of transaction volumes from forecast levels, show that LINK has sufficient funds to operate over a much longer period. The Board will continue to keep the long-term funding of the Scheme under review, including as part of the normal annual budget-setting process. The Board is therefore satisfied that it is appropriate for the financial statements to be prepared on a going concern basis.

Qualifying third party indemnity provisions

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

Auditor

PKF Littlejohn LLP was appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

LINK SCHEME HOLDINGS LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

Strategic report

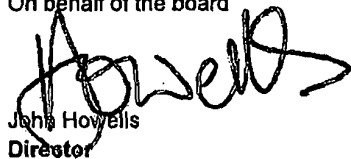
The group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management, stakeholder engagement, research and development and future developments.

Statement of disclosure to auditor

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

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

On behalf of the board



John Howells
Director

5 June 2025

LINK SCHEME HOLDINGS LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The directors are responsible for preparing the Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINK SCHEME HOLDINGS LTD

Opinion

We have audited the financial statements of Link Scheme Holdings Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Statement, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Statements of Cash Flows 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 group's and of the parent company's affairs as at 31 December 2024 and of the group's 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 group's or 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.

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 group and parent company 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINK SCHEME HOLDINGS LTD (CONTINUED)

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company 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 group and parent company financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and the application of our audit knowledge and experience of the financial service sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from the Bank of England, the Payment Systems Regulator in accordance with the Financial Services Banking Reform Act 2013, as well as those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and UK tax legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
 - agreeing the financial statement disclosures to underlying supporting documentation;
 - making enquiries of management and reviewing minutes of Board and management meetings throughout the period;
 - understanding the company's policies and procedures in monitoring compliance with laws and regulations; and
 - reviewing any legal and regulatory correspondence.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to the testing of journals based on specific risk criteria and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LINK SCHEME HOLDINGS LTD (CONTINUED)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located 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.



James Wilkinson (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP, Statutory Auditor
3rd Floor
One Park Row
Leeds, LS1 5HN
United Kingdom
05/06/2025.....

LINK SCHEME HOLDINGS LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 £	2023 £
Turnover	3	14,518,949	13,364,814
Administrative expenses		(16,212,164)	(13,984,470)
Operating loss	7	(1,693,215)	(619,656)
Interest receivable and similar income	8	1,040,228	538,047
Loss before taxation		(652,987)	(81,609)
Tax on loss	9	160,546	1,184
Loss for the financial year		(492,441)	(80,425)

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

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

LINK SCHEME HOLDINGS LTD**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2024**

	Notes	2024 £	£	2023 £	£
Fixed assets					
Tangible assets	10		175,225		237,932
Current assets					
Debtors	13	2,460,431		1,952,862	
Cash at bank and in hand		24,627,918		24,456,415	
		27,088,349		26,409,277	
Creditors: amounts falling due within one year	14	(14,442,611)		(13,387,099)	
Net current assets			12,645,738		13,022,178
Total assets less current liabilities			12,820,963		13,260,110
Creditors: amounts falling due after more than one year	15		(1,911,394)		(2,041,927)
Provisions for liabilities	16		-		(33,620)
Net assets			10,909,569		11,184,563
Capital and reserves					
Capital contribution reserve	19	10,677,753		10,460,306	
Profit and loss account	19	231,816		724,257	
Total equity			10,909,569		11,184,563

The notes on pages 20 to 34 are an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 5 June 2025 and are signed on its behalf by:


John Howells
Director

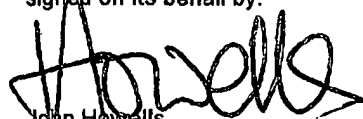
LINK SCHEME HOLDINGS LTD**COMPANY STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2024**

	Notes	2024 £	£	2023 £	£
Fixed assets					
Investments	11		1		1
Current assets					
Debtors	13	229,019		191,392	
Creditors: amounts falling due within one year	14	(19,735)		(16,656)	
Net current assets			209,284		174,736
Total assets less current liabilities			209,285		174,737
Capital and reserves					
Profit and loss account	19		209,285		174,737

The notes on pages 20 to 34 are an integral part of these financial statements.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes as it prepares group financial statements. The company's profit for the year was £34,548 (2023: £34,962).

The financial statements were approved by the board of directors and authorised for issue on 5 June 2025 and are signed on its behalf by:


John Howells
Director

LINK SCHEME HOLDINGS LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Capital contribution reserve £	Profit and loss account £	Total £
Balance at 1 January 2023		9,407,494	804,682	10,212,176
Year ended 31 December 2023:				
Loss and total comprehensive income for the year		-	(80,425)	(80,425)
Capital contribution	19	1,052,812	-	1,052,812
Balance at 31 December 2023		10,460,306	724,257	11,184,563
Year ended 31 December 2024:				
Loss and total comprehensive income for the year		-	(492,441)	(492,441)
Capital contribution	19	217,447	-	217,447
Balance at 31 December 2024		10,677,753	231,816	10,909,569

LINK SCHEME HOLDINGS LTD

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Profit and loss account £
Balance at 1 January 2023	139,775
	<hr/>
Year ended 31 December 2023:	
Profit and total comprehensive income for the year	34,962
	<hr/>
Balance at 31 December 2023	174,737
	<hr/>
Year ended 31 December 2024:	
Profit and total comprehensive income for the year	34,548
	<hr/>
Balance at 31 December 2024	209,285
	<hr/> <hr/>

LINK SCHEME HOLDINGS LTD

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 £	£	2023 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	20		(884,529)		2,950,283
Income taxes refunded/(paid)			46,274		(452,019)
Net cash (outflow)/inflow from operating activities			(838,255)		2,498,264
Investing activities					
Purchase of tangible fixed assets		(30,470)		(279,878)	
Interest received		1,040,228		509,009	
Net cash generated from investing activities			1,009,758		229,131
Net increase in cash and cash equivalents			171,503		2,727,395
Cash and cash equivalents at beginning of year			24,456,415		21,729,020
Cash and cash equivalents at end of year			24,627,918		24,456,415

LINK SCHEME HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies

Company information

Link Scheme Holdings Ltd ("the company") is a private company limited by guarantee, and is registered, domiciled and incorporated in England and Wales. The registered office is RSM Central Square, 5th Floor, 29 Wellington Street, Leeds, West Yorkshire, United Kingdom, LS1 4DL.

The group consists of Link Scheme Holdings Ltd and its subsidiary Link Scheme Ltd.

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

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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 £1.

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

The 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 for parent company information presented within the consolidated financial statements:

- 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' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

Basis of consolidation

The consolidated financial statements incorporate those of Link Scheme Holdings Ltd and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 December 2024. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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

LINK SCHEME HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies (Continued)

Going concern

The Board regularly reviews the financial position of the group and company in addition to the principal risks and uncertainties that it faces. The Board has undertaken a review of the group and company's ability to continue as a going concern, including its latest budgets and forecasts. The annual budget has been agreed based on a conservative view of likely LINK transaction volumes and, in conjunction with the satisfactory capital and reserves position brought forward, is sufficient to enable the group and company to operate for at least the next 12 months from the date of signing these financial statements. Financial modelling based on extreme but plausible scenarios, including an acceleration in the decline of transaction volumes from forecast levels, show that LINK has sufficient funds to operate over a much longer period. The Board will continue to keep the long-term funding of the Scheme under review, including as part of the normal annual budget-setting process. The Board is therefore satisfied that it is appropriate for the financial statements to be prepared on a going concern basis.

Turnover

Turnover consists of monthly fees charged to members by virtue of their membership of the LINK Scheme and fees for specific projects as agreed by the members from time to time. Monthly fee turnover is recognised in the period to which it relates. Specific project turnover is recognised on an accruals basis and is matched with the expenditure in the period in which it is incurred. All turnover is shown net of VAT and other sales related taxes.

Deferred income - Development Fund

Under the Framework Agreement dated 6 April 2017 between Mastercard UK HoldCo Limited ("Mastercard"), VocaLink Holdings Ltd, VocaLink Limited (together "Vocalink") and Link Scheme Ltd, the parties agreed to implement certain remedies in order to satisfy the Competition and Markets Authority ("CMA") that, following the acquisition of Vocalink by Mastercard, the competition of the LINK Scheme network would not be substantially lessened. In addition, Mastercard agreed to make a payment of £2 million to the group to establish a Development Fund for the purposes of developing and implementing innovative products and services relating to the LINK network. If the group does not adhere to the conditions regarding the use of the development fund, then the group will be liable to pay the appropriate funds back to Mastercard.

Turnover in relation to the Development Fund is recognised on an accruals basis and matched with the expenditure in the period in which it is incurred. Any costs incurred and allocated against the Development Fund is accounted for in the appropriate manner according to their nature. The development fund was fully utilised in 2023.

Interest receivable

Interest receivable represents interest earned during the year on deposits held with banks where payment had not been received at the reporting date.

Accrued income

Accrued income represents transaction-related membership fees earned during the year payable monthly in arrears and which had not been received at the reporting date.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Tangible fixed assets

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

LINK SCHEME HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies (Continued)

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

Leasehold improvements	5 years straight line
Fixtures and fittings	3 years straight line
Computer equipment	3 years straight line

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

Fixed asset investments

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

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

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held with banks.

Financial instruments

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

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

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 group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, 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.

LINK SCHEME HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies (Continued)

Equity instruments

Equity instruments issued by the group are recorded at the fair value of proceeds received, net of transaction costs.

Capital contribution reserve

In accordance with The Committee on Payments and Market Infrastructures and the Board of the International Organization of Securities Commission (CPMI-IOSCO) Principles for Financial Market Infrastructures, the group must hold a reserve of at least 50% of operational expenditure. The initial call and annual adjustments made in line with changes in the level of operational expenditure are recognised as capital contributions in the Capital Contribution Reserve.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

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

Retirement benefits

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

LINK SCHEME HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

1 Accounting policies (Continued)

Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

Direct commissioning

The direct commissioning liability arises when ATMs are installed by the ATM operator under LINK's direct commissioning programme. At the point of installation the full cost and liability of the direct commissioning payments over the life of the ATM contract are recognised.

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

Member fees

Fees charged to Members by virtue of their membership of the LINK scheme and fees for specific projects as agreed by the Members are recognised as Turnover in the Consolidated Statement of Comprehensive Income as they are deemed to be consideration for the services undertaken by Link as agreed by the Members. Fees charged to Members in respect of the initial call and annual adjustments made in line with the requirements of CPMI-IOSCO requirements to hold a reserve of at least 50% of operational expenditure are recognised as capital contributions within equity.

LINK SCHEME HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

3 Turnover and other revenue

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

	2024 £	2023 £
Turnover analysed by class of business		
Membership fees	11,121,459	11,167,658
Members' funding calls - specific projects	3,391,288	2,034,940
Other including Development Fund	6,202	162,216
	<u>14,518,949</u>	<u>13,364,814</u>
	2024 £	2023 £
Other revenue		
Interest income	1,040,228	538,047
	<u>1,040,228</u>	<u>538,047</u>
	2024 £	2023 £
Turnover analysed by geographical market		
United Kingdom	14,518,949	13,364,814
	<u>14,518,949</u>	<u>13,364,814</u>

Membership fees consist of monthly fees made by Members to cover the normal operating costs of the group, joining fees for new members and exit fees for departing members.

Members' funding calls cover the cost of activities outside the normal operating budget.

4 Employees

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

	Group		Company	
	2024 Number	2023 Number	2024 Number	2023 Number
Commercial	11	8	-	-
Corporate	8	8	-	-
Financial Inclusion	8	8	-	-
HR and Support Services	10	9	-	-
Information Security and Technology	7	8	-	-
Operations	10	9	-	-
Risk and Compliance	9	9	-	-
Scheme Development and Assurance	13	10	-	-
Strategy	2	1	-	-
	<u>78</u>	<u>70</u>	<u>-</u>	<u>-</u>
Total	78	70	-	-

LINK SCHEME HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

4 Employees (Continued)

Their aggregate remuneration comprised:

	Group		Company	
	2024	2023	2024	2023
	£	£	£	£
Wages and salaries	6,899,539	5,976,635	-	-
Social security costs	848,256	736,166	-	-
Other pension costs	364,635	316,860	-	-
	<u>8,112,430</u>	<u>7,029,661</u>	<u>-</u>	<u>-</u>

There were no pension commitments outstanding at the year end (2023: £nil).

5 Directors' remuneration

	2024	2023
	£	£
Remuneration paid to directors	1,016,712	972,716
Group pension contributions to defined contribution schemes	38,400	36,572
	<u>1,055,112</u>	<u>1,009,288</u>

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

	2024	2023
	£	£
Remuneration	469,237	447,716
Group pension contributions to defined contribution schemes	38,400	36,572
	<u>507,637</u>	<u>484,288</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2023: 1).

6 Auditors' remuneration

	2024	2023
	£	£
Fees payable to the company's auditors and their associates:		
For audit services		
Audit of the financial statements of the group and company	5,300	6,000
Audit of the financial statements of the company's subsidiaries	39,700	45,000
	<u>45,000</u>	<u>51,000</u>

LINK SCHEME HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

7 Operating loss

	2024	2023
	£	£
Operating loss for the year is stated after charging:		
Exchange losses	141	668
Research and development costs	50,208	242,008
Depreciation of owned tangible fixed assets	93,177	87,580
Operating lease charges	88,689	128,645

8 Interest receivable and similar income

	2024	2023
	£	£
Interest on bank deposits	1,040,228	538,047

9 Tax on profit

	2024	2023
	£	£
Current tax		
Adjustments in respect of prior years	(8,454)	(37,835)
Deferred tax		
Origination and reversal of timing differences	(163,218)	36,651
Adjustment in respect of prior periods	11,126	-
Total deferred tax	(152,092)	36,651
Total tax credit	(160,546)	(1,184)

LINK SCHEME HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

9 Tax on profit (Continued)

The total tax credit for the year included in the consolidated statement of comprehensive income can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2024 £	2023 £
Loss before taxation	(652,987)	(81,609)
Expected tax credit based on the standard rate of corporation tax in the UK of 25.00% (2023: 23.50%)	(163,247)	(19,178)
Tax effect of expenses that are not deductible in determining taxable profit	2,459	995
Adjustments in respect of prior years	(8,454)	(37,835)
Group relief	1	-
Other permanent differences	542	-
Deferred tax adjustments in respect of prior years	11,122	-
Fixed asset differences	(2,969)	5,828
Remeasurement of deferred tax for changes in tax rates	-	2,169
Losses carried back	-	46,837
Total tax (credit)/charge	(160,546)	(1,184)

10 Tangible fixed assets

Group	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 January 2024	250,144	113,981	185,756	549,881
Additions	-	3,689	26,781	30,470
At 31 December 2024	250,144	117,670	212,537	580,351
Accumulated depreciation				
At 1 January 2024	169,402	54,330	88,217	311,949
Depreciation charged in the year	18,590	26,485	48,102	93,177
At 31 December 2024	187,992	80,815	136,319	405,126
Carrying amount				
At 31 December 2024	62,152	36,855	76,218	175,225
At 31 December 2023	80,742	59,651	97,539	237,932

The company had no tangible fixed assets at 31 December 2024 or 31 December 2023.

LINK SCHEME HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

11 Investments

	Group 2024 £	2023 £	Company 2024 £	2023 £
Investments	-	-	1	1
Movements in fixed asset investments				
Company				Shares in group undertakings
				£
Cost or valuation				
At 1 January 2024 and 31 December 2024				1
Carrying amount				
At 31 December 2024				1
At 31 December 2023				1

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2024 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Link Scheme Ltd	RSM Central Square, 5th Floor, 29 Wellington Street, Leeds, LS1 4DL	Operating the LINK network	Ordinary	100.00

13 Debtors

	Group 2024 £	2023 £	Company 2024 £	2023 £
Amounts falling due within one year:				
Trade debtors	5,864	-	-	-
Corporation tax recoverable	15	37,835	15	-
Amounts owed by group undertakings	-	-	208,574	172,052
Other debtors	-	9,273	-	-
Prepayments	1,031,633	651,343	20,430	19,340
Accrued income	1,304,447	1,254,411	-	-
	2,341,959	1,952,862	229,019	191,392
Deferred tax asset (note 17)	118,472	-	-	-
	2,460,431	1,952,862	229,019	191,392

Amounts owed by group undertakings are unsecured, repayable on demand and no interest is charged.

LINK SCHEME HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

14 Creditors: amounts falling due within one year

	Group 2024 £	2023 £	Company 2024 £	2023 £
Trade creditors	549,358	380,781	-	-
Other taxation and social security	462,973	425,090	-	-
Deferred income	10,696,569	10,467,157	-	-
Direct commissioning liability	1,125,575	970,480	-	-
Accruals	1,608,136	1,143,591	19,735	16,656
	<u>14,442,611</u>	<u>13,387,099</u>	<u>19,735</u>	<u>16,656</u>

Included within deferred income is £9,872,606 (2023: £9,615,836) relating to direct commissioning and access to cash, £39,280 (2023: £16,613) relating to the Community Cash Advisory Panel, £447,462 (2023: £292,883) relating to the co-ordinating body and £337,221 (2023: £541,825) relating to legal challenge.

The direct commissioning liability of £1,125,575 (2023: £970,480) represents incentives payable to ATM operators over a period of five years from the date of installation under the LINK Direct Commissioning Programme.

15 Creditors: amounts falling due after more than one year

	Group 2024 £	2023 £	Company 2024 £	2023 £
Direct commissioning liability	<u>1,911,394</u>	<u>2,041,927</u>	<u>-</u>	<u>-</u>

The direct commissioning liability of £1,911,394 (2023: £2,041,927) represents incentives payable to ATM operators over a period of five years from the date of installation under the LINK Direct Commissioning Programme.

16 Provisions for liabilities

	Notes	Group 2024 £	2023 £	Company 2024 £	2023 £
Deferred tax liabilities	17	<u>-</u>	<u>33,620</u>	<u>-</u>	<u>-</u>

LINK SCHEME HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

17 Deferred taxation

The major deferred tax liabilities and assets recognised by the group and company are:

	Liabilities 2024 £	Liabilities 2023 £	Assets 2024 £	Assets 2023 £
Group				
Accelerated capital allowances	-	33,620	(27,935)	-
Tax losses	-	-	146,407	-
	<u>-</u>	<u>33,620</u>	<u>118,472</u>	<u>-</u>
	<u>-</u>	<u>33,620</u>	<u>118,472</u>	<u>-</u>

The company has no deferred tax assets or liabilities.

	Group 2024 £	Company 2024 £
Movements in the year:		
Liability at 1 January 2024	33,620	-
Credit to profit or loss	(152,092)	-
Asset at 31 December 2024	<u>(118,472)</u>	<u>-</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

18 Legal status of the company

The company is limited by guarantee and therefore has no share capital. In the event that the company is wound up the members together with any member in the preceding 12 months, are liable to contribute to the company up to a maximum of £1.

LINK SCHEME HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

19 Reserves

Capital contribution reserve

As part of the restructuring of the LINK Scheme in 2016 "advance payments" of Vocalink Limited's discount against the future payment processing fees it would charge to Members under its agreement for the provision of switching and settlement services were made to Link Scheme Ltd. Part of these advance payments were used to fund start up and transaction costs, particularly legal fees, incurred by Link Scheme Ltd in the setting up of the new arrangements between the various parties. The total of the advance payments made to the company for this purpose was £3,485,700.

In addition, under the restructuring arrangements with Vocalink Limited in 2016, the surplus of the Scheme accumulated over its years of operation within that entity was to be transferred over to Link Scheme Ltd. The total amount transferred from Vocalink Limited was £825,514.

In accordance with The Committee on Payments and Market Infrastructures and the Board of the International Organization of Securities Commission (CPMI-IOSCO) Principles for Financial Market Infrastructures, the company must hold a reserve of at least 50% of operational expenditure. As such, in the years from 2017 to 2023 calls totalling £6,149,092 were received and recognised as capital contributions. A further £217,447 has been received and recognised in 2024 (2023: £1,052,812). The value of this reserve will be considered annually and amended in line with operational expenditure.

The cumulative capital contributions at the year end amounted to:

	2024 £	2023 £
Vocalink Advance payments of discount to Members	3,485,700	3,485,700
Transfer of Scheme surplus from Vocalink	825,514	825,514
IOSCO Call	6,366,539	6,149,092
	<u>10,677,753</u>	<u>10,460,306</u>

Profit and loss account

The cumulative profit and loss reserves of the group consist of the retained cumulative surplus of £231,816 (2023: £724,257).

The cumulative profit and loss reserves of the company consist of the retained cumulative surplus of £209,285 (2023: £174,737).

LINK SCHEME HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

20 Cash (absorbed by)/generated from operations

	2024 £	2023 £
Loss for the year after tax	(492,441)	(80,425)
Adjustments for:		
Taxation credited	(160,546)	(1,184)
Investment income	(1,040,228)	(538,047)
Capital contribution from IOSCO Call	217,447	1,052,812
Depreciation of tangible fixed assets	93,177	87,580
Movements in working capital:		
Increase in debtors	(426,917)	(101,769)
Increase in creditors	695,567	218,424
Increase in deferred income	229,412	2,312,892
Cash (absorbed by)/generated from operations	(884,529)	2,950,283

21 Analysis of changes in net funds - group

	1 January 2024 £	Cash flows £	31 December 2024 £
Cash at bank and in hand	24,456,415	171,503	24,627,918

22 Financial commitments, guarantees and contingent liabilities

Financial commitments

The group had entered into contracts with ATM operators for the payment of incentives under the LINK Direct Commissioning Programme for a total value of £325,952 at 31 December 2024 (2023: £363,352) where the ATMs had not yet been installed and hence the liability is not included in the financial statements.

23 Operating lease commitments

Lessee

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

	Group 2024 £	2023 £	Company 2024 £	2023 £
Within one year	88,760	79,152	-	-
Between one and five years	204,026	263,479	-	-
	<u>292,786</u>	<u>342,631</u>	<u>-</u>	<u>-</u>

LINK SCHEME HOLDINGS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

24 Controlling party

The directors consider there to be no ultimate controlling party.