

LINK
Annual Report
2019/2020

**Protecting access
to cash**



THE UK'S CASH MACHINE NETWORK



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Company Information:

Link Scheme Holdings Ltd
Company Number 10535808

Registered Office address:

RSM 5th Floor, Central Square,
29 Wellington Street,
Leeds, LS1 4DL

Designed on behalf of LINK by:

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LINK AT A GLANCE

LINK's Strategic Plan

In early 2020 LINK set out its plan for the next three years; how LINK will manage the expected sharp reduction in cash in a way that ensures a smooth transition for the country from cash to more digital payments. This plan was produced before the coronavirus crisis, but the fundamentals remain the same and LINK's objectives remain unchanged.

LINK's Strategic Plan is built around objectives that address the challenges that LINK will face. Delivering access to cash for UK consumers for as long as they need it is the focus of the access to cash objective. Maintaining confidence in the LINK Payment System is the focus of the operational resilience and risk management objectives. Retaining the support of large Members, without which LINK cannot exist, is the focus of the membership objective.

LINK's key objectives



1 Deliver consumer access to cash in the UK.

2 Ensure operational resilience of the LINK Payment System.

3 Ensure systemic risk management of the LINK Payment System.

4 Sustain the LINK membership.

To support these objectives LINK, as a regulated systemic risk manager, has an extensive and sophisticated risk management approach that is subject to direct and detailed scrutiny by the Bank of England.

LINK is also regulated by the Payment Systems Regulator for optimal approaches to competition, innovation, and service users' interests.

Finally, LINK must have the resources to meet its objectives. LINK had already stress tested its resource plan and, even with the additional impact and uncertainty of the coronavirus crisis, remains satisfied it can meet its future requirements under a wide range of scenarios

LINK in numbers

The LINK Scheme is the national ATM network that connects virtually all the UK's ATMs. LINK's role is to provide UK consumers with universal access to cash in a safe, convenient and rapid manner.



54,000
ATMs



35
Members



100m+
UK issued cards

In 2019

£116bn
withdrawn

2.6bn
transactions

1.7bn
cash withdrawals

42m
Average unique cards
a month

CONTINUING TO PROTECT ATMS



Chairman's message

Sir Mark Boleat

Last year, the independent Access to Cash Review, chaired by Natalie Ceeney CBE warned that the UK risked going cashless in a disorderly manner over the next five to ten years if we do nothing.

The Review provided recommendations to what needs to be done to make sure that no one is left behind.



The report was written at a time when cash use was halving every ten years. During the coronavirus crisis, ATM transactions initially fell an unprecedented 60% year-on-year. While the economic lockdown meant that many conventional places to spend cash such as pubs or restaurants closed their doors temporarily, LINK research shows that almost three quarters of consumers say the coronavirus crisis will affect their future use of cash.

In other words, we shouldn't expect cash to bounce back to levels before late March. Many of the plans put forward by the Access to Cash Review need to be considered much sooner than any of us anticipated.

However, cash remains vital and LINK's role remains to make sure that consumers maintain free access to cash across the UK. LINK set out important changes at the beginning of 2018 that aim to protect the broader footprint of free-to-use ATM coverage.

As a consequence, we are seeing a decrease in the number of duplicated free-to-use machines in busy city centres and transport hubs, but importantly protecting machines in rural and deprived areas.

LINK is also working closely with the Government and regulators as they work on reforms to the overall cash system from ATMs through to bulk cash. This work will ensure that the cash infrastructure remains sustainable for years to come despite sharply reduced volumes. This is, in LINK's view, vital work to ensure that consumers and the UK economy retain access to cash for as long as is needed.

LINK has an excellent Board of Directors, each and every one of whom makes a valuable contribution using their particular expertise and experience. The Board works well as a unit and when the need arose moved seamlessly into remote meetings. The switch to remote working was far more of a challenge for the staff. That this was achieved quickly and efficiently is a tribute to the strength and commitment of the staff team, ably led by John Howells. My thanks to my Board colleague and to all the staff of LINK for their continued commitment and support and for responding so effectively to the effects of the coronavirus pandemic.

Mark Bullock



A YEAR OF CHALLENGES



Chief Executive's report
John Howells

Despite an expected reduction in cash usage of 30-40% in 2020, the LINK ATM network remains extensive and resilient. LINK is determined to defend this position for as long as cash is needed.



LINK went into the coronavirus crisis with a comprehensive programme designed to protect free cash access in place. Whilst this was designed to manage a 10-15% reduction in cash usage per year, it has proven effective in maintaining cash access in the face of the much sharper drops of over 60% seen during the early days of lockdown. A combination of targeted investment in free ATMs, extensive engagement directly with communities needing help, and close working with the Post Office (which provides free cash access for all high street bank card holders at its counters) has ensured that UK consumers have maintained good access to cash.

As well as delivering wide geographic coverage, LINK also manages the operational resilience of the ATM network. Consumer confidence demands the very highest levels of operational resilience and systemic risk management of LINK's sophisticated real time 24/7 payments network. Actual performance remains excellent and LINK invests heavily in ensuring that this remains the case.

LINK is overseen by the Bank of England and the Payment Systems Regulator in delivering these vital operational resilience and cash access outcomes. LINK's Board appreciates the collaborative and hands on approach that is taken by these regulators. LINK also relies on the superb commitment and focus of its membership (the 35 major organisations that issue all the cards and ATMs connected to the network) and of its infrastructure provider Vocalink. This commitment and focus has been especially evident during the coronavirus crisis and vital to maintaining good service to UK consumers.

Looking forward, much of the volume lost during lockdown will not return and the UK cash market will see a sharp step change down in volumes this year, followed by the continuation of long-term decline. However, the UK is not ready to go cashless yet, so the market will need restructuring to ensure sustainability. LINK is already working

with the Government, regulators and industry on a major programme of change to move to a streamlined structure with a more 'utility' flavour in order to maintain free cash access for as long as is needed. This will also include the development of innovative new channels to deliver free cash access, and support for wider efforts to ensure a digitally inclusive approach as the UK moves further to a world of digital payments. LINK welcomes the Government's public commitment to legislate over the coming months to support all of this work.

Finally, I would like to recognise the outstanding work of LINK's staff over these challenging times. I would like to thank each and every one of them for their professionalism and energy in ensuring that LINK delivers for all of its stakeholders and especially for consumers and the membership.

John Howells



THE CORONAVIRUS CRISIS

Graham Mott
Director of Strategy, LINK

Cash and ATMs in a time of change

The UK is in a very different place to what was expected just a few months ago. The outbreak of coronavirus reminds us that, for all our knowledge, and technical know-how there are events over which we have little or no control and the modern, globalised world is not immune from the ancient threat of infectious diseases.



The impact of the coronavirus crisis has been profound, as old certainties around travel, leisure, health, privacy and personal freedom are all challenged. Inequality and unfairness have in some cases been exposed and governments worldwide are struggling to balance the challenges of economic recovery with protecting public health. However, as we look at a world which appears very different in many ways, we are perhaps just seeing an acceleration and magnification of trends which were already there. What we are seeing may just be the future of four to eight years hence, but on fast forward.

This acceleration of change is seen across a huge swathe of activity. In the UK, before the pandemic, of the 32.6 million people in employment, 1.7 million (around 5%) worked mainly from home, now around 14 million (45%) are doing so. While some will go back, in many cases it will not be full time to the office and both employers and employees are realising their working lives can be arranged differently. Facilitated by fast broadband, home shopping, mobile apps and remote working technologies this has profoundly changed many peoples' experience of work and their boundaries between work and home life. It will have huge knock on effects for travel, town and city centres and the range of businesses and services that support the workplace and commuters.

This, along with many other changes will also affect many consumers' need for and use of cash. As lockdown took effect, usage of LINK ATMs fell by over 60% by volume and almost 60% by value. Shopping and travel outside the home was drastically curtailed but cash usage remained perhaps surprisingly robust, with weekly withdrawals of around £1billion (around £2.3bn for the same week in 2019). Now, in mid-2020 as lockdown has been gradually eased, cash usage is steadily increasing with LINK seeing almost £1.6bn being withdrawn each week, even if the high street is a very different with Perspex screens, social distancing, online ordering, more self-service terminals, and in many cases a reluctance to accept cash. But while concern over cash as a vehicle to transmit the virus may be temporary, retailers asking customers to 'please use contactless' is a persuasive message.

However, despite this, many consumers still need and prefer cash, 55% of people claiming to have used it in the past two weeks, especially in convenience stores, supermarkets or making payments to friends and family.

This crisis has shown how important contingency and resilience are and cash remains a vital component of this. LINK therefore remains committed to supporting consumers' need for cash for as long as it is needed, including maintaining the coverage of free-to-use ATMs in remote and rural locations and improving free access in the most deprived parts of the UK. LINK and its Members continue to invest in these communities and ensure that, even as the UK becomes more digital, LINK will protect those who continue to choose and rely on cash.



LINK BOARD MEMBERS



Sir Mark Boleat

[Director and Chair](#)

Sir Mark Boleat is Chairman of Link Scheme Holdings Ltd. He was previously the Chair of the City of London's Policy and Resources Committee, and in this capacity, was also Deputy Chair of TheCityUK (the promotional body for the UK finance industry) and the International Regulatory Strategy Group, a Vice Chair of London Councils and a Board Member of London and Partners. He is also Chairman of Andium Homes Ltd and Vice Chairman of the Advisory Board of the International Business and Diplomatic Exchange. Mark was awarded a knighthood for services to the financial services industry and local government in London in June 2017.



John Howells

[Director and Chief Executive Officer](#)

John is CEO of Link Scheme Holdings Ltd and an Executive Director. He is a member of the Payment Systems Regulator's Panel. Prior to LINK, John held a number of senior roles with Gemini Consulting and Capgemini. His early career was with Lloyds Bank.



The Rt. Hon. the Lord Hunt of Wirral MBE (David Hunt)

[Senior Non-Executive Director and Chair of the Remuneration and Nominations Committee](#)

Lord Hunt is Chair of the Financial Services Division of the international commercial law firm DAC Beachcroft LLP. He has been a parliamentarian for over 40 years, first as MP for Wirral, then Wirral West, from 1976-1997, then as a Minister in successive Governments for 16 years and a member of the Cabinets of both Margaret Thatcher and John Major. He became a life peer in 1997.



John Gill

[Director and Chair of the Risk Committee](#)

John is also a Non-Executive Director and Chair of the Audit and Risk Committee for Quilter Plc's UK platform business, Old Mutual Wealth and is a Non-Executive Director and Chair of the Risk Committee for Chetwood Financial, the digital bank.



Liz Richards

Director and Chair of the Audit Committee

Liz has extensive experience as a CFO of private equity-backed business in the Fintech sector. She is also a Non-Executive Director and Chair of the Audit Committee of Tracsis plc. A Governor Director of Leeds Trinity University, Liz also chairs its Audit Committee and sits on its Remuneration Committee.



Bill Raynal

Director

Bill is an experienced banker having spent over 30 years with RBS Group where he was part of the wider Group Executive Team. Latterly, Bill was Chief Operating Officer of YourCash Europe Limited, an independent ATM deployer operating ATMs across Europe.



Tracey Graham

Director and Chair of the LINK Consumer Council

Tracey is also a Non-Executive Director of Royal London Group, where she is Chair of the Remuneration Committee, and Chair of Investment Funds Direct Limited, a subsidiary company of the Royal London Group. Tracey is also a Non-Executive Director of Ibstock plc and a Non-Executive Director of DiscoverIE plc. Tracey is also a Member of the City of London Court of Common Council.



David Rigney

Director

David is also Non-Executive Director at Principality Building Society and ELEXON Limited. He was previously Chairman of BACS, and a main Board Executive Director at Nationwide Building Society where his responsibilities included ATMs.

SENIOR MANAGEMENT TEAM

John Howells

Chief Executive Officer

John is CEO of Link Scheme Holdings Ltd and an Executive Director.

Sue Wallace

Chief Operating Officer

Sue is LINK's COO and has over 35 years experience of working in payments, having previously held senior roles at Barclaycard and Vocalink.

Adrian Roberts

Chief Commercial Officer

Adrian is responsible for financial inclusion and the development of industry structure. He is a certified bank director and has held senior executive roles at Nationwide Building Society and Bank of Ireland. Adrian is a former LINK Board Director.

Graham Mott

Director of Strategy

Graham's role covers forecasting, market analysis, external relations, media, public relations, public affairs, and strategic issues like interchange, industry initiatives such as polymer, fraud management, and physical ATM crime.

Tom Sleight

Chief Risk Officer

Tom is responsible for risk management and regulatory compliance. He is a qualified solicitor, and was previously Risk and Compliance Director at TransUnion.

Mike Knight

Finance Director

Mike is a qualified Chartered Accountant and has an extensive business career with both SMEs and large corporates.



LINK MEMBERS

LINK currently has 35 Members consisting of banks, building societies, and Independent ATM Operators (IADS).

ATM Numbers December 2019

	Branch ATMs (Free-to-use)	Remote ATMs (Free-to-use)	Remote ATMs (Pay-to-use)	Total ATMs
AIB Group	18	47	–	65
Bank of Ireland	71	2,196	–	2,267
Bank of Scotland	426	–	–	426
Barclays Bank UK	1,943	1,545	–	3,488
Barclays Bank	12	2	–	14
Cardtronics	1	9,349	8,214	17,564
ChangeGroup	–	78	5	83
Citibank	4	–	–	4
Clydesdale Bank	139	11	–	150
Coventry Building Society	52	8	–	60
Cumberland Building Society	20	–	–	20
G4S	2	2	–	4
Halifax	1,737	–	–	1,737
HSBC UK	1,559	12	–	1,571
Lloyds Bank	2,041	–	–	2,041
Moneycorp	–	141	–	141
Nationwide Building Society	1,350	1	–	1,351
NatWest	2,692	4,274	–	6,966
Northern Bank	93	104	–	197
NoteMachine	322	5,301	4,443	10,506
PayPoint	–	2,363	1,563	3,926
ICE Processing Technologies Ltd	–	212	17	229
Sainsbury's Bank	–	1,819	–	1,819
Santander	2,105	4	–	2,109
Travelex	–	361	1	362
TSB Bank	754	–	–	754
Yorkshire Bank	222	11	–	233
YourCash	–	1,610	594	2,204
Total LINK	15,563	29,451	15,277	60,291

STATISTICS SUMMARY

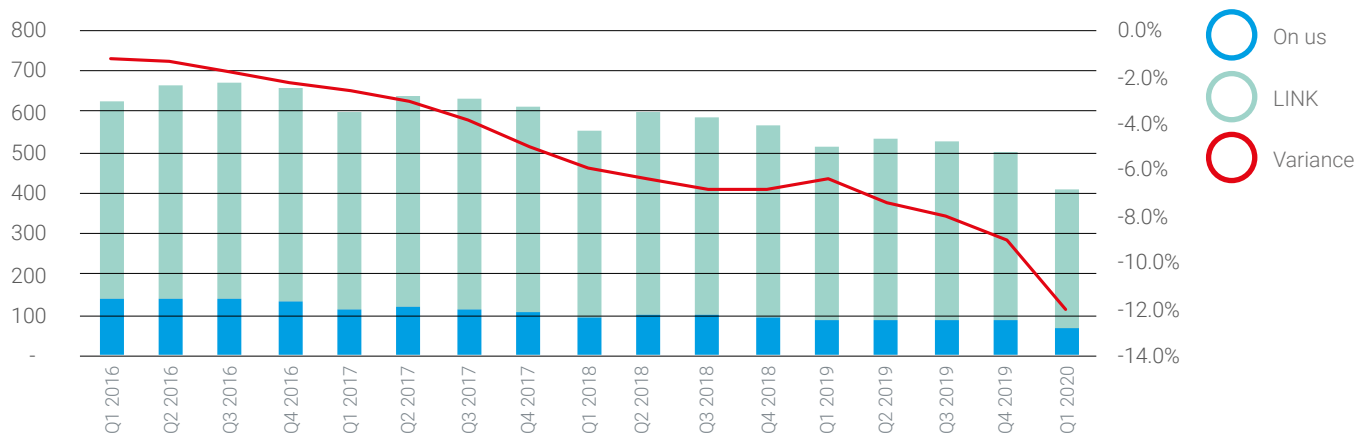
LINK provides weekly and monthly updates.
 Visit the LINK website
<https://www.link.co.uk/about/statistics-and-trends>

LINK also regularly posts updates on Twitter and LinkedIn.

 LINK Scheme@LINK_ATM_Scheme

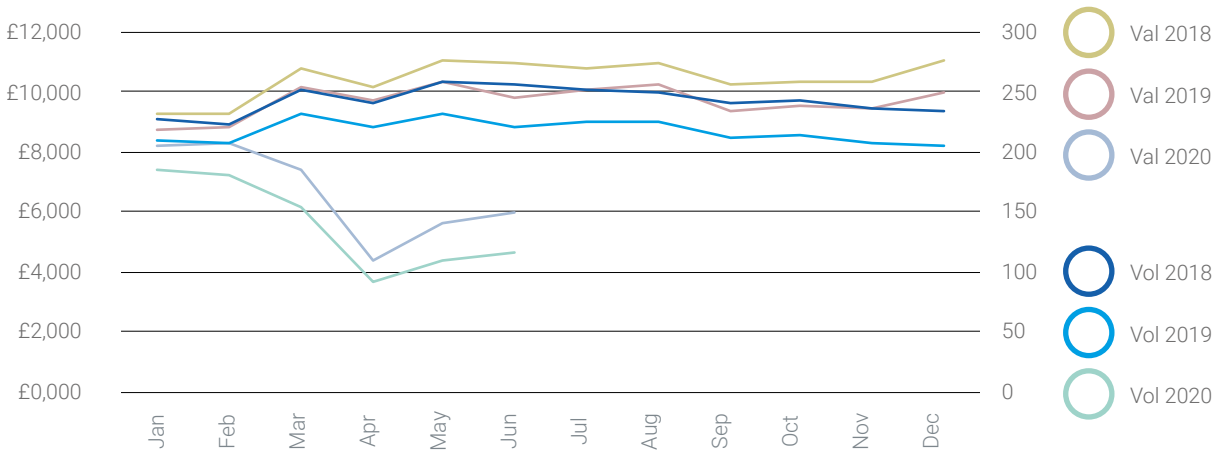
 www.linkedin.com/company/link-atm-scheme

Total ATM cash withdrawal volumes and variance by quarter, including on-us ⁽¹⁾ (millions)

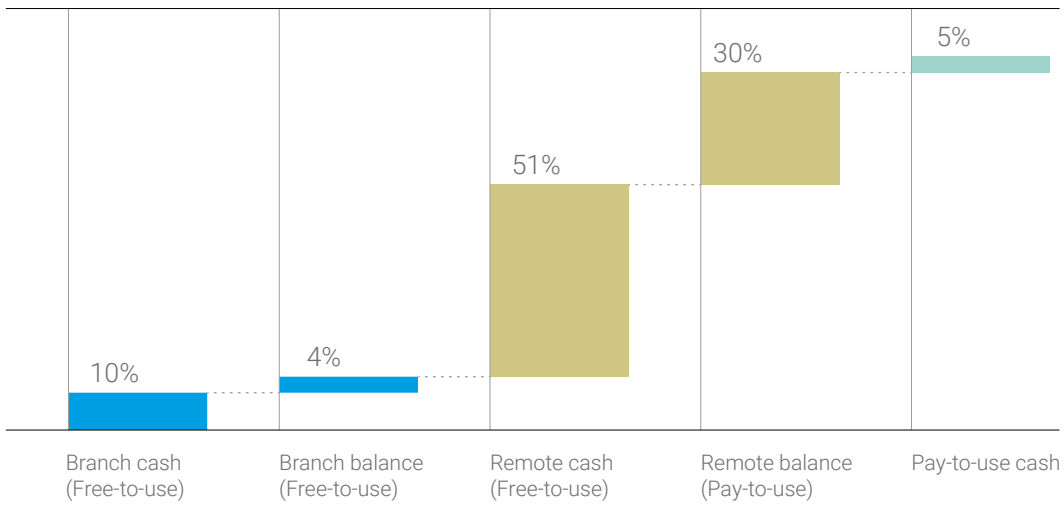


⁽¹⁾ On-us is where someone uses an ATM which belongs to their own bank or building society.

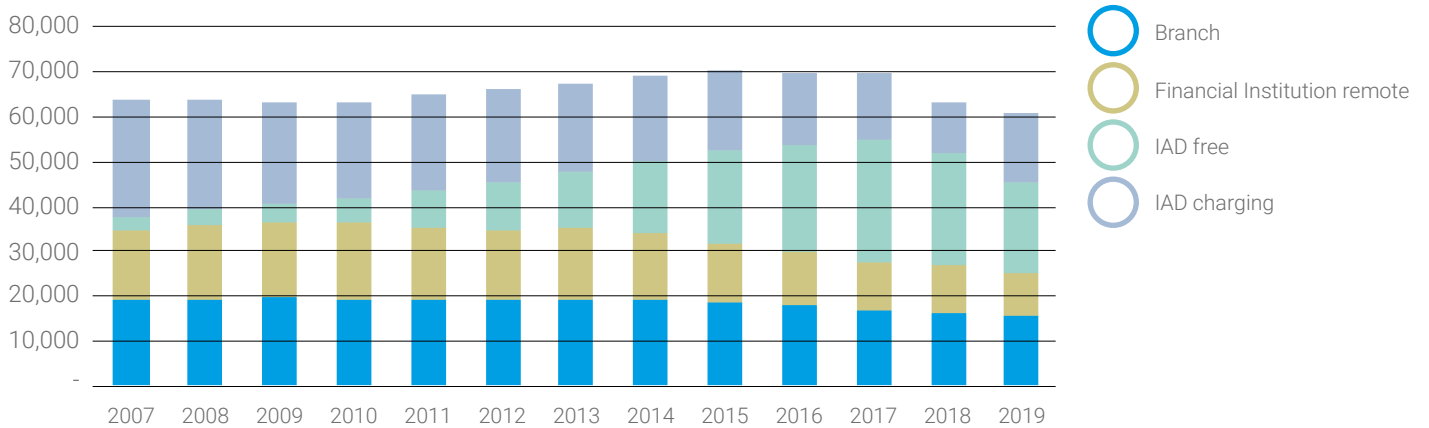
Total LINK values and transaction volumes by month (millions)



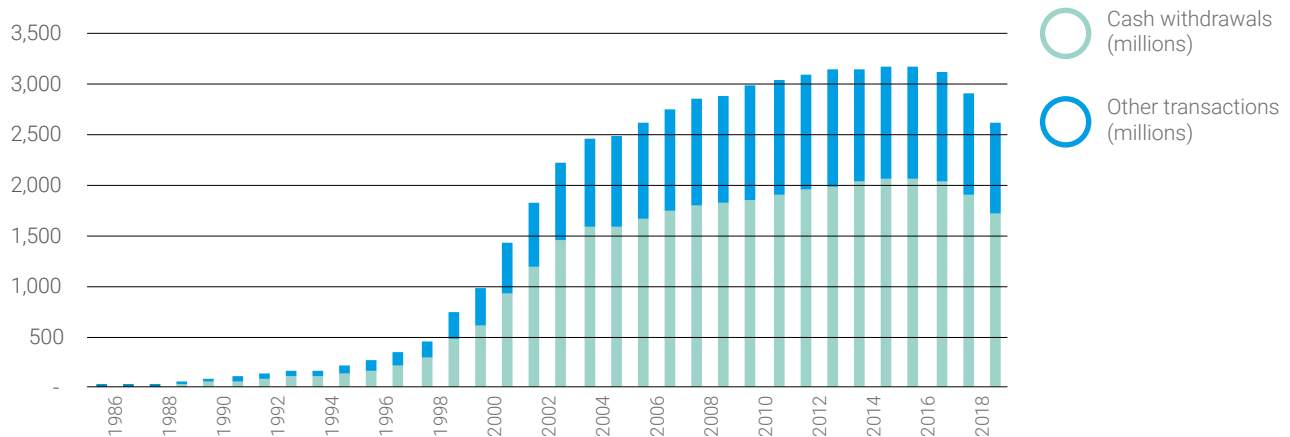
Breakdown of LINK transactions



Year end ATM numbers



LINK annual transaction history (millions)



CONSUMERS

LINK's Financial Inclusion Programme

LINK's Financial Inclusion Programme has focused on promoting the interests of the consumer since 2006. In 2019, LINK refreshed the programme. The focus on rural and deprived areas has been bolstered with new initiatives which ensure that consumers across the country continue to benefit from free access to cash.



In 2019 three major enhancements were made to the Financial Inclusion Programme:

April 2019 – new low volume premiums made available to free-to-use ATMs that are part of the Financial Inclusion Programme which do not complete high levels of withdrawals. Over 1,000 machines now benefit from additional premiums to maintain their commercial viability.

August 2019 – LINK made a commitment made to protect free access to cash for every high street in the UK. Since then, machines have been installed to support retailers and consumers in locations like Deal, Birchington-on-Sea and Ebbw Vale.

October 2019 – launch of Community Access to Cash Delivery Fund enabling local communities to request a free-to-use ATM funded directly by LINK. LINK has heard from over 3,500 people about potential issues, visited 150 locations and commissioned machines where they have been needed.

Case studies

New Tredegar

In a picturesque area of the Welsh Valleys, the only access to cash for residents in New Tredegar was through a pay-to-use machine. Although the area met existing LINK policies for free cash provision, given the local topography, any free alternative was not accessible without a drive. As no community should be forced to use a pay-to-use machine, LINK worked with the ATM Operator to change the pay-to-use machine to free-to-use, ensuring free access to cash for the village.

Durness

A popular tourist village on Scotland's famous North Coast 500 route, Durness lost its only free-to-use machine. While a Post Office served local needs, international visitors were unable to use it. With the nearest machine a 50 mile round-trip away, LINK commissioned a new ATM which is now live and supporting the local community and visitors to the North Coast.

Financial Inclusion at LINK

LINK has established a dedicated Financial Inclusion team to support communities needing help with access to cash. Working closely with external stakeholders, including local MPs, Councillors and Consumer Groups such as Which?, the team are dedicated to communicating directly with communities who need help as well as delivering LINK's Financial Inclusion commitments.

The outbreak of coronavirus has had unprecedented societal and economic impact and has warranted equally unprecedented responses by Government, industry and communities. Previously hesitant consumers have adjusted to card and online payment options and this has accelerated the decline in cash usage to levels which had not been expected for a few years yet. However, it is clear that some have continued to rely on cash, particularly those in the most deprived areas, and for others the change in payment habits will have only been a temporary one with cash still their preferred option.

LINK has closely monitored the immediate impacts of coronavirus on the ATM network and has made rapid adjustments in response to the crisis, such as introducing quarterly rather than annual reviews of the Low Volume Premiums that support ATMs in deprived and rural areas, faster assessment of Community ATM Requests and rural areas, continued assessment of Community ATM Requests and subsequent growth in the pipeline for ATM installations.

Consumer Council

The LINK Consumer Council has been acting as the guardian of cash since 2006, providing advice on consumer issues relating to cash and payment preferences. The work of the Consumer Council in protecting the interest of consumers is more important than ever with falls in the overall demand for cash and ATM numbers and as a result of the coronavirus crisis.

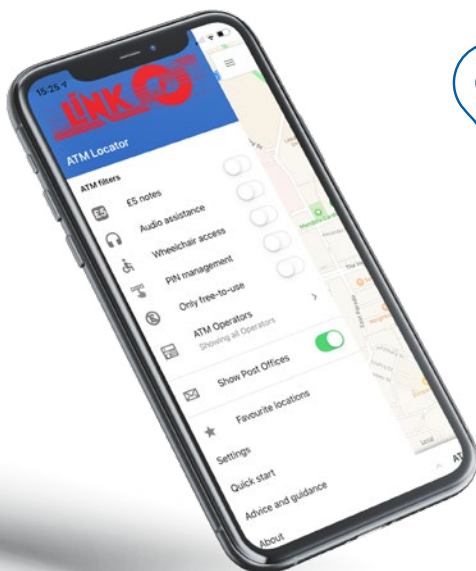
The LINK Consumer Council consists of independent representatives and LINK Members and is Chaired by Tracey Graham. The Council produces its own report towards the end of the year on the performance of LINK in supporting consumers.

- Tracey Graham** Chair (also a LINK Non-Executive Director)
- Lady Margaret Bloom CBE**
- Martin Kearsley** Post Office
- Eimear Duffy** Consumer Council of Northern Ireland
- Joe Lane** Citizens Advice
- Helen Walker** Department for Work and Pensions
- Sian Williams** Toynbee Hall
- Tim Allen** Barclays
- Adam Bailey** NatWest
- Iain Gibson** Sainsbury's Bank
- Tim Watkin-Rees** PayPoint



LINK ATM Locator App

In June 2019, an updated version of LINK's free ATM Locator App was launched allowing consumers to see the location of all LINK ATMs. It also shows the location of every Post Office branch as consumers can use their usual high street bank card to withdraw cash for free at all Post Office counters. The Post Office network plays vital role in providing free cash access across the UK and LINK works with the Post Office to maintain free cash access across the country.



Fraud and crime prevention

Cash machines are a very safe way for consumers to access their accounts and avoid the risks of having to carry large amounts of cash or keep it at home. Millions of transactions are made through the LINK system every day and the chances of someone becoming a victim of ATM crime are very low. However, to make cash access even safer, LINK publishes security tips and online, downloadable guides to help consumers stay safe when using ATMs.

To help counter physical attacks on cash machines themselves, LINK supports the cross-industry ATM Security Working Group and it also runs and chairs the European Expert Group on Physical ATM Crime. LINK actively liaises with counterparts, technical experts and law enforcement bodies across the UK, Europe and the wider world to share intelligence and information as widely as possible.

LINK has also been a partner of Crimestoppers for over 10 years, giving people the opportunity to speak up anonymously and help stop crime.

MANAGING SYSTEMIC RISK

The effective management of risk is central to the success of a vital national payment system such as LINK.



Managing risk and resilience

LINK has a well-developed three lines of defence approach to maintaining operational performance and managing risk. This comprises a First Line operations function, a Second Line risk management function, and independent Third Line Internal Audit function. The Board Risk Committee supports the Board in oversight.

LINK's response to the coronavirus crisis is an excellent example of the way in which LINK manages risk and maintains operational resilience. Throughout the coronavirus crisis LINK's First Line teams have maintained critical operations, with the Second Line providing oversight of, and challenge to, key operational processes. Risk assessments have been used throughout to ensure any changes to processes are carefully considered, with risks identified and controls implemented in respect of those risks. Internal Audit provides additional insight for the Board.



Governance and regulation

As a payment systems operator, LINK is regulated by both the Payment Systems Regulator (PSR) and the Bank of England. The PSR is concerned with ensuring that LINK meets the needs of its service users, and is effective at competition and innovation. The Bank's focus is on ensuring that LINK manages systemic integrity effectively. Both regulators work closely with the LINK Board and management team.

LINK manages its internal governance through a Board, which is comprised of the CEO and a number of independent non-executive directors with a wealth of payments and financial services experience. The Board is supported by a number of sub-committees, including the Risk Committee, Audit Committee, and the Remuneration and Nominations Committee.

Audit Committee members

Liz Richards (Chair)
John Gill
Bill Raynal

Remuneration and Nominations Committee members

Lord David Hunt (Chair)
Sir Mark Boleat
Tracey Graham

Risk Committee members

John Gill (Chair)
Sir Mark Boleat
David Rigney
Bill Raynal
Tracey Graham*

*Risk Committee member to July 2019

FINANCIAL INFORMATION

Background

Link Scheme Holdings Ltd ("the Company") was incorporated on 21 December 2016 as a company limited by guarantee without share capital. Its guarantors are the LINK Network Members. The Company is responsible for the running of the LINK Scheme through its wholly-owned subsidiary, Link Scheme Ltd. (together "the Group").

The group incurred a small deficit of £69,738 in the year (2018: surplus of £83,750) which is consistent with its not for profit objective to break even over the longer term. The group's reserves were increased by a capital contribution from members during the year of £833,301 in accordance with the CPMI-IOSCO Principles for Financial Market Infrastructures whereby the company must hold a reserve of at least 50% of operational expenditure.

As a result of the coronavirus travel and movement restrictions, introduced in March 2020, there has been a significant decline in ATM cash withdrawals, initially of approximately 60% compared with the equivalent weeks in 2019. Given that LINK's monthly fee income is primarily based on transaction volumes the Group has experienced a significant decline in revenue. LINK therefore announced a £4m Member funding call on 25 March 2020 which was approved by Members and was collected through LINK settlement on 4 May 2020. Whilst there is uncertainty as to the extent to which ATM cash withdrawals will recover once travel and movement restrictions are fully lifted, based on the most likely scenarios of a 30% to 40% decline in transaction volumes, the funding call will be sufficient for LINK to operate normally well beyond the end of 2020.

The Company's Full Statutory Accounts, Report and Financial Statements are audited by the Company's auditor, PricewaterhouseCoopers LLP, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

Summary statement of comprehensive income for the year ended 31 December 2019

	2019	2018
	£	£
Turnover	9,171,121	8,032,129
Administrative expenses	(9,303,351)	(7,977,916)
Operating (loss)/profit	(132,230)	54,213
Interest receivable and similar income	62,492	29,537
(Loss)/profit before taxation	(69,738)	83,750
Tax on (loss)/profit	–	–
(Loss)/profit and total comprehensive (expenditure)/income for the financial year	(69,738)	83,750

(Loss)/profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive (expenditure)/income for the year is all attributable to the owners of the parent company.

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.

	2019	2018
	£	£
Turnover analysed by class of business		
Membership Fees	5,915,839	5,882,027
Members' Funding Calls	2,679,208	1,639,161
Other, including Development Fund	576,074	510,941
	9,171,121	8,032,129

Summary statement of financial position as at 31 December 2019

	2019	2018
	£	£
Fixed assets		
Tangible assets	152,186	211,506
Current assets		
Debtors	603,051	619,342
Cash at bank and in hand	9,194,583	9,571,754
	9,797,634	10,191,096
Creditors: amounts falling due within one year	(6,404,087)	(7,715,479)
Net current assets	3,393,547	2,475,617
Total assets less current liabilities	3,545,733	2,687,123
Creditors: amounts falling due after more than one year	(95,047)	–
Net assets	3,450,686	2,687,123
Capital and reserves		
Other reserves	7,405,317	6,572,016
Profit and loss reserves	(3,954,631)	(3,884,893)
Total equity	3,450,686	2,687,123

Summary statement of changes in equity for the year ended 31 December 2019

The total equity of the Company at 31 December 2019 of £3,450,686 was derived from capital contributions of £7,405,317 less the accumulated deficit of £3,954,631.

The cumulative capital contributions came from three sources:

- Total of "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 that were made to Link Scheme Ltd. Part of these advance payments was 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.
- Under the restructuring arrangements with Vocalink Limited, the surplus of the Scheme accumulated over its years of operation within that entity was 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. An initial call of £1,580,000 was received and recognised as a capital contribution. In 2018, a further call of £680,802 was received and recognised as a capital contribution and in 2019 a third call of £833,301 was received and recognised as a capital contribution. The value of this reserve will be considered annually and amended in line with operational expenditure.

	Capital contribution reserve £	Profit and loss reserves £	Total equity £
Balance at 1 January 2018	5,891,214	(3,968,643)	1,922,571
Year ended 31 December 2018:			
Profit and total comprehensive income for the year	-	83,750	83,750
Capital contribution	680,802	-	680,802
Balance at 31 December 2018	6,572,016	(3,884,893)	2,687,123
Year ended 31 December 2019:			
Loss and total comprehensive expenditure for the year	-	(69,738)	(69,738)
Capital contribution	833,301		833,301
Balance at 31 December 2019	7,405,317	(3,954,631)	3,450,686



THE UK'S CASH MACHINE NETWORK

If you would like to know more about LINK or have any suggestions or feedback, please get in touch.

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