Prepay Technologies Limited
Annual Report and Financial Statements for the year ended 31 December 2022

Company registration number	04008083
Registered office	4th Floor Station Square 1 Gloucester Street Swindon United Kingdom SN1 1GW
Directors	Mr G A Coccoli Mr J Brand Mr PMF Relland-Bernard Mr P-H M Motel Mr A Keller
Bankers	Barclays Bank PLC London
Auditor	Deloitte LLP Statutory Auditor London United Kingdom

Index

Strategic report

Principal activities and business review

The company is domiciled in the United Kingdom and its principal activity is the provision of prepaid processing, issuing and banking services. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely changes in the company's principal processing and issuing activities in the forthcoming year.

Total revenue, a KPI of the company, increased to £45.7m (2021: £34.8m), mainly due to increased ongoing processing fees. Gross profit margin increased 2%, driven by an increase in interest income.

The directors are pleased with the continued progress of the business. The strategy of investing to deliver and support prepaid services across the markets is on plan and continuous significant growth in these areas is being seen. During the year the company launched several programmes with global partners including its parent undertaking Edenred SE.

The company continued investing part of its restricted funds into liquid fixed term assets during 2022 with £451.6m (2021: £48.2m) on the balance sheet at year end.

Prepay Technologies Limited achieved an operating profit of £4.0m (2021: £3.9m) Operating profit remained stable as gross profit increases were largely offset by increased operating expenses. Operating expenses increased 38% to £36m driven by a £3.6m increase in staff costs as average headcount increased, £2.3m increase in intragroup charges, £1.2m increase in IT costs and a £1.1m increase in bad debt as prior period reversals were not repeated.

The company continues to have the support of its shareholders: its parent undertaking Edenred SE.

Considering the current trading performance and available market information, the company's directors are confident in the future performance of the company. Revenue is expected to continue to grow during 2023, driven by increased revenues from providing services to Group entities and from investments.

Future Developments

The directors will monitor future performance through revenue growth, which is expected to come from both increasing activity on existing programs to secure a long-term sustainable revenue source and development of new functionality and product offerings to attract new customers. The directors monitor performance through activity volumes which drive revenue growth.

Section 172(1) statement

The Board of Directors, in line with their duties under section 172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long-term. Each year the Board reviews the budget which assesses the opportunities and risks of the company over the coming year, in particular focusing on supporting the parent company Edenred SE and diversifying the Prepay Technologies Limited portfolio of clients.

The Board meets regularly to review business performance and to review new and emerging risks to the delivery of the annual budget and to understand what measures are being taken to mitigate these risks to the company.

The company identifies four key stakeholder groups which have a significant impact on strategy and long-term planning.

1. ***Clients***

Key to the company's continuing growth and success, client feedback and engagement is crucial in developing long-term plans and evolving the business model of the organisation; the company completes an annual client satisfaction review, which provides invaluable feedback on how we are enabling our clients to grow and where there is opportunity for the company to enhance it's service delivery.

2. ***Employees***

Open and regular monthly briefings are held with employees to share the performance, focus of the organisation and new projects; regular surveys are undertaken to receive feedback from employees on a biannual basis which result in an actionable plan to address key themes.

The company is an equal opportunity employer and offers career progression, training and professional development to all employees. The company has one employee who disclosed they have a disability, and the company has made working adjustments to support the employee in their role.

Strategic report (continued)

Section 172(1) statement (continued)

3. ***Government and regulators***

The company has provided regular reporting to the company's regulator, the Financial Conduct Authority (FCA) and met on an adhoc basis to openly discuss key risks and opportunities impacting the company in the short and longer term. The building and maintaining of an open relationship with the FCA is a priority for the company, in particular where new and emerging regulatory requirements may impact strategy and the operationalisation of the medium term plan.

4. ***Shareholders***

The Shareholder committee meets twice a year to discuss strategy and review and approve the medium-term business plan. This provides the forum for building strong relationships between the company and its shareholders, Edenred SE and Edenred UK. The shareholder committee approves the strategy and the 3-year plan; the decision rights of the committee focus on material changes to budget and strategy.

Community and environment

The company is committed to supporting local communities and does so through the provision of volunteering days for all employees to support local initiatives.

The company takes its environmental responsibilities seriously and is mindful that in undertaking its activities, environmentally responsible and sustainable choices are a priority. The introduction of improved technology solutions since 2020 has provided a platform for staff to work collaboratively without the requirement for travel therefore minimalizing the emissions impact where possible.

Reputation

The reputation of the company with our clients, employees, government and regulators, shareholders plus the wider public and media is key for the success of the company and as such is monitored and actively maintained. This includes a structured induction programme for all employees explaining clearly what we do, and the importance placed on controls and compliance. Compulsory training, such as Anti-Money Laundering (AML), Anti-Corruption and Cybersecurity, is provided to all employees and regularly refreshed.

Principal risks and uncertainties

Prepay Technologies Limited operate in a highly regulated sector, which is continues to experience significant change as the sector evolves and grows in response to market demands.

The company is supported by the Risk and Compliance function which provides the second line of defence. The Risk and Compliance function is led by the Chief Legal & Compliance Officer reporting directly to the Chief Executive Officer.

Strategic report (continued)

Principal risks and uncertainties (continued)

Key Risk	Risk Description	Risk Mitigation
Strategic Risk	There is the risk of the current and prospective impact on earnings or capital resulting from an inappropriate or defective strategy.	A business plan is in place and performance against the plan is tracked through the monthly performance reported provided by the Chief Finance Officer which is reviewed by the Executive committee monthly. The Board receives an update on performance at each Board meeting.
Financial Risk	This is the risk of fluctuations in the value of, or income from, assets as a result of market movements, counterparties failing to meet obligations or liquidity issues (insufficient cash to meet obligations as they fall due).	Credit risk is not a material risk for the company. The main risk is the failure of a counterparty, and this is monitored closely. Foreign currency exchange risk is substantially mitigated by matching card balances denominated in a foreign currency with cash or a client receivable in the same currency. When considered appropriate, foreign exchange forward contracts are used to hedge against foreign exchange movements impact on the company's turnover. Interest rate risk is actively monitored by the treasury team. When considered appropriate, interest rate swaps are used to minimise impact to the company's profit or loss. Liquidity risk primarily related to cash flow. The company does not trade on its own accounts so does not have exposure on intra-day liquidity.
Operational Risk	This is the risk of inadequate or failed internal processes, people, systems and/or external processes.	Operational risks such system, process and people risk are reviewed on a regular basis with management remediation plans to address new and emerging risks whcre appropriate. A process is in place to record risk events (breaches and errors) and to investigate root causes so that controls can be enhanced. Obsolete technology is an ongoing risk due to the pace of technological change. The company continues to invest in the processing platform and through monitoring of emerging technology is investing in future technology relevant to its proposition.
Legal & Regulatory Risk	This is the risk of an adverse financial impact, reputational damage, a breakdown of the regulatory relationships or fines or other sanctions being imposed as a result of non-compliance with emerging and/or existing laws and regulations including judgements made in respect of tax laws.	Compliance arrangements are in place and overseen by the Compliance function under the Chief Legal and Risk Officer who is responsible for ensuring effective engagement with regulators, particularly the FCA. Responses are made to requests from regulators including thematic and monthly reporting. Management makes an assessment in respect of tax matters based on discussions with taxations authorities, advice from legal and taxation advisors and other available evidence.

The processing platform, product portfolio and customer base are developed, and the company has now generated a profit for seven consecutive years. The company has been predominantly financed through shareholder equity and subordinated loans to ensure appropriate capital as per regulatory requirement. Latest forecasts show that the company should be able to meet its liabilities as they fall due for the foreseeable future.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and continue to prepare accounts on the going concern basis.

This report was approved by the Board of Directors on 25th September 2023 and signed on its behalf by:

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Mr P-H M Motel
Director
29 September 2023

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2022.

Results and dividends

The directors are satisfied with the results for the year and anticipate continued improvement in the future as detailed within the Strategic Report. The directors do not recommend the payment of a dividend (2021: £nil).

Directors

The directors who served the company throughout the year and subsequently to the date of approval of these financial statements were:

Mr A Keller (appointed 14 February 2023)
Mr PMF Relland-Bernard
Mr G A Coccoli (appointed 21 February 2022)
Mr P-H M Motel
Ms M Clay (resigned 30 March 2022)
Mr R C Brash (resigned 15 March 2022)
Miss E B Creaven (resigned 31 March 2023)
Mr P R Higgins (appointed 25 April 2022, resigned 31 March 2023)

Directors' indemnities

The company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Going concern

The company generated a profit in 2022 and the directors forecast that the company will continue to improve profitability as the processing platform, product portfolio and customer base develop and mature.

As indicated in the Strategic Report, the latest approved business plan and related cash flow forecast shows that the company should be able to meet its liabilities as they fall due for the foreseeable future. The directors have therefore a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and continue to prepare accounts on the going concern basis.

In line with FCA requirements for authorised Electronic Money Institution (EMI) the company complies with the safeguarding obligation to protect customer funds in secure liquid assets. Recently performed forecast and the additional stress test scenario models provide confidence to the directors that the company will continue to make profits and have sufficient cash resources to operate in foreseeable future.

The company complies with FCA requirement for authorised EMI to maintain adequate capital resources. Prepay Technologies Limited as a subsidiary of Edenred SE is a participant of the Group International Cash Pooling and benefits in that scheme from an internal overdraft facility of £50m is available. The company is currently utilising £17.8m (2021: £29.9m) of the internal overdraft facility relating to the Tide Capital Loan arrangement, which has no fixed repayment date, but incurs interest of a current market rate plus an internal margin of 0.70%-0.80%. The overdraft can be mobilized at any time by request within the same day to cover any short-term financial needs. The facility is available to the company in excess of 12 months from the date of approving these financial statements and management having considered ongoing availability of this and expect Edenred SE would be able to deliver this in full in the period if needed. The updated forecast, including the stress test models, do not indicate that this facility is required but provides additional headroom.

The company is in a net current liabilities position of £37.7m (2021: £44.9m) which includes the £17.8m borrowed from Edenred SE recognised as a current liability that is not required or expected to be settled in the next 12 months. The £17.8m is expected to be fully settled in line with when the remaining loan to Tide Capital Limited is fully settled which currently has a maturity date of 4 November 2026. The company has assessed and is satisfied with Tide Capital Limited's ability to take mitigating actions and repay the loan in the event that the UK Government does not guarantee defaulted loans under the bounce back loan scheme. The remaining net current liabilities position is planned to be met through increased trading and working capital management with mitigations available where needed.

Directors' report (continued)

Financial risk management objectives and policies

The company's principal financial assets are cash balances, Tide Capital loan and trade debtors. The amounts presented in the balance sheet for trade receivables are net of allowances for doubtful debts.

Credit risk

The company has a credit risk exposure with Tide Capital Limited in respect of the loan to fund the UK Government backed Bounced Back Loan. In the event of the failure of Tide Capital Limited, Prepay Technologies Limited holds a debenture over Tide Capital Limited allowing it to assume control and ownership of Tide Capital, and become the direct beneficiary of the loan repayments and government guarantee payments. Through this mechanism Prepay Technologies Limited is able to ensure that the risk of not receiving loan repayments, due to the failure of Tide Capital is mitigated. The company has assessed Tide Capital Limited's ability to take mitigating actions to repay the loan in case the UK Government does not guarantee any defaulted loans. Mitigating actions primarily include utilising cash reserves of Tide Capital Limited and its parent. The company's assessment included stress testing forecasts, benchmarking loss rate assumptions to wider industry experience, and confirming available cash reserves of Tide Capital Limited and its parent. With respect to other debtors, the company has no significant concentration of credit risk, with exposure spread over a large number of customers. Cash is held in high quality financial institutions.

Liquidity risk

The company is also subject to liquidity risk. In order to ensure that sufficient funds are available for ongoing operations and future developments, the company uses equity funding from its shareholders as well as intercompany loan arrangement from the parent company. Based on the cash flow forecasts for the company the directors are confident that sufficient resources are available to allow the company to fund the operations and development.

Foreign currency exchange risk

Foreign currency exchange risk is substantially mitigated by matching card balances denominated in a foreign currency with cash or a client receivable in the same currency. When considered appropriate, forcign exchange forward contracts are used to hedge against foreign exchange movements impact on the company's turnover.

Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Prepay Technologies Limited considers interest rate risk to be insignificant due to low debt and interest-bearing assets are held in low risk portfolios. Interest rate risk is actively monitored by the treasury team. When considered appropriate, interest rate swaps are used to minimise impact to the company's profit or loss.

Post balance sheet events

LIBOR Indexed Borrowings

The company currently has financing arrangements which utilise the LIBOR as a factor in determining the interest rate. We do not expect a material impact from utilising SONIA as an alternative rate after the cessation of the majority of LIBOR rates in March 2023.

Share purchase

On 31 March 2023, Edenred SE, the ultimate parent company, purchased all the issued shares (6,712,433 shares) held by Mastercard Europe S.A.

Share issuance

On 15th May 2023, the company received additional combined funding of £10m from Edenred SE, the ultimate parent company and Edenred UK Limited, through the issuance of 2,873,563 shares.

Research and development

During 2022 the company's project to develop its processing platform software and solutions continued according to plan. Research costs are recognised in the profit and loss account and development costs are capitalised only when the directors are satisfied as to the technical, commercial and financial viability of the individual projects that will create enduring assets which will generate future economic benefits for the company. Details of the development costs capitalised are contained in note 10 within the notes to the Financial Statements.

Directors' report (continued)

Streamlined Energy and Carbon Reporting

The principal business activities undertaken by the company result in energy consumption through office locations and business travel undertaken by staff when performing their duties. Energy usage in the UK includes activities undertaken on behalf of the company's subsidiary Prepay Technologies Limited EU SA.

Our gross operational emissions for 2022 were the equivalent of 153.34 tonnes of CO_2, defined by the scopes below:

- Scope 1 (direct emissions): Use from transport and combustion of natural gas in control of the company
- Scope 2 (indirect emissions): Electricity purchases and used for operations (not including energy sold on)
- Scope 3 (other indirect emissions): Energy use and related emission from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing the fuel.

Scope 1, 2 & 3 carbon emissions

Source	**2022** **tC02e**	**2021** **tC02e**
Transport and Gas	-	-
Electricity - grid	57.56	62.96
Business Travel	95.78	-
Total	**153.34**	**62.96**
Intensity Ratio tC02e per FTE	**0.47**	**0.24**

The methodology used for calculating the energy usage for the company is based on the energy consumptions information provided by suppliers from meter data and staff expense claims which include actual travel incurred. This data is converted to CO_2 equivalent values using the UK Government published via www.gov.uk/government/collections/government-conversion-factors-for-company-reporting to convert the UK energy use to the equivalent associate greenhouse gas emissions.

The company is mindful that in undertaking its activities, environmentally responsible and sustainable choices are a priority; the introduction of improved technology solutions since 2020 has provided a platform for staff to work collaboratively without the requirement for travel therefore minimalizing the emissions impact where possible.

The company will continue to explore and implement actions to reduce emissions both directly and indirectly in operations through suppliers and clients.

Future Developments

Future developments are discussed in the Strategic Report on page 4.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he / she ought to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Directors' report (continued)

Deloitte LLP have expressed their willingness to continue in office as auditor and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the board.

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Mr P-H M Motel
Director
29 September 2023

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREPAY TECHNOLOGIES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Prepay Technologies Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit or loss and other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 23.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREPAY TECHNOLOGIES LIMITED (Continued)

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

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 considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Electronic Money Regulation 2011, Payment Card Industry standards, Payment services regulations, GDPR and the Anti-money laundering directive.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREPAY TECHNOLOGIES LIMITED (Continued)

We discussed among the audit engagement team including relevant IT internal specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Incorrect revenue recognition: we recognised a risk due to the cut-off of service fees: in order to address this risk the engagement team substantively tested a sample of transactions before and after the year end to assess whether revenue has been recognised in the correct accounting period.
- Valuation of loan receivable: we identified a risk on the valuation of a loan receivable due to the presence of indicators which show that there might be a potential impairment. In order to respond to this risk, the engagement team obtained management's assessment of this loan receivable and challenged management on the key assumptions made using contradictory audit evidence.

Extent to which the audit was considered capable of detecting irregularities, including fraud (continue

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC and the FCA.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREPAY TECHNOLOGIES LIMITED (Continued)

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.

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David Rozier
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David Rozier (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor

Cardiff, United Kingdom

29 September 2023

Statement of Profit or Loss and Other Comprehensive Income

Profit or Loss

	Notes	31 December 2022 £	31 December 2021 £
Revenue	4	45,682,458	34,808,418
Cost of sales		(5,622,586)	(4,836,180)
Gross profit		40,059,872	29,972,238
Other operating charges		(36,025,395)	(26,054,466)
Operating profit	5	4,034,477	3,917,772
Interest receivable	8	141,622	122,205
Interest payable and similar charges	8	(2,302,178)	(1,200,270)
Profit before taxation		1,873,921	2,839,707
Tax (charge)/credit	9	(584,988)	438,565
Profit for the year		**1,288,933**	**3,278,272**
Items that may be reclassified subsequently to profit or loss			
Fair value gains/(losses) on investments		(2,597,661)	(817,012)
Other Comprehensive Loss		**(2,597,661)**	**(817,012)**
Total Comprehensive (Loss)/Income		**(1,308,728)**	**2,461,260**

Balance sheet

	Notes	31 December 2022 £	31 December 2021 £
Non-current assets			
Intangible assets	10	22,951,385	15,553,279
Tangible assets	11	2,181,753	2,268,115
Investment in subsidiary undertaking	12	10,736,816	10,736,816
Debtors: amounts falling due after one year	14	19,313,594	33,542,407
Deferred tax asset	14&20	3,094,611	3,443,232
Other investments: amounts falling due after one year	12	35,508,959	33,349,108
		93,787,118	98,892,957
Current assets			
Inventories	13	22,789	22,789
Debtors: amounts falling due within one year	14	13,233,120	20,055,596
Other investments: amounts falling due within one year	12	416,051,307	14,829,223
Cash at bank and in hand	15	240,646,002	773,607,538
		669,953,218	808,515,146
Creditors: amounts falling due within one year	16	(707,664,857)	(853,461,957)
Net current (liabilities)		(37,711,639)	(44,946,811)
Total assets less current liabilities		56,075,479	53,946,146
Creditors: amounts falling due after one year	17	(6,675,994)	(6,760,511)
Net assets		49,399,485	47,185,635
Capital and reserves			
Share capital	18	237,288	227,166
Share premium		67,784,019	64,271,563
Fair Value Reserve		(3,414,673)	(817,012)
Retained earnings		(15,207,149)	(16,496,082)
Shareholders' funds		49,399,485	47,185,635

These financial statement of Prepay Technologies Limited (Company no 04008083) were approved and authorised for issue by the Board of Directors on 29th September 2023.

Signed on behalf of the Board of Directors

Mr P-H M Motel
Director

The accompanying accounting policies and notes form part of these financial statements.

Statement of changes in equity

	Share Capital	Share Premium	Fair Value Reserve	Retained Earnings	Total
	£	£	£	£	£
Balance at 1 January 2021	212,798	59,285,929	-	(19,774,354)	39,724,373
Profit	-	-	-	3,278,272	3,278,272
Other Comprehensive Loss	-	-	(817,012)	-	(817,012)
Total comprehensive income	-	-	(817,012)	3,278,272	2,461,260
Issue of share capital	14,368	4,985,634	-	-	5,000,002
Balance at 31 December 2021	227,166	64,271,563	(817,012)	(16,496,082)	47,185,635
Profit	-	-	-	1,288,933	1,288,933
Other Comprehensive Loss	-	-	(2,597,661)	-	(2,597,661)
Total comprehensive income	-	-	(2,597,661)	1,288,933	(1,308,728)
Issue of share capital	10,122	3,512,456	-	-	3,522,578
Balance at 31 December 2022	237,288	67,784,019	(3,414,673)	(15,207,149)	49,399,485

Notes to the Financial Statements

1 Accounting policies

Prepay Technologies Limited is a private limited company, limited by shares, incorporated in the United Kingdom and registered in England and Wales under the Companies Act. The nature of the principal activities are given in the Strategic report.

The principal accounting policies are summarised below. They have all been applied consistently throughout the 2022 and 2021 years.

Basis of accounting

The financial statements are prepared under the historical cost convention.

The company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council and has applied the requirements of IFRS 1.6-33 and related appendices. These financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, share-based payments, IFRS 15 Revenue from contracts with customers disclosures, IAS 1 reconciliations of fixed assets, IAS 24 Related Party Disclosures, IFRS16 Leases. Where required, equivalent disclosures are given in the group accounts of Edenred SE. The consolidated financial statements of Edenred SE are available to the public and can be obtained from Autorité des Marchés Financiers (AMF) or from the company's headquarters: Immeuble Be Issy, 14-16 Boulevard Garbaldi, 92130, Issy-les-Moulineau, France.

Going concern basis

The company generated a profit in 2022 and the directors forecast that the company will continue to improve profitability as the processing platform, product portfolio and customer base develop and mature.

As indicated in the Strategic Report, the latest approved business plan and related cash flow forecast shows that the company should be able to meet its liabilities as they fall due for the foreseeable future. The directors have therefore a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and continue to prepare accounts on the going concern basis.

In line with FCA requirements for authorised Electronic Money Institution (EMI) the company complies with the safeguarding obligation to protect customer funds in secure liquid assets. Recently performed forecast and the additional stress test scenario models provide confidence to the directors that the company will continue to make profits and have sufficient cash resources to operate in foreseeable future.

The company complies with FCA requirement for authorised EMI to maintain adequate capital resources. Prepay Technologies Limited as a subsidiary of Edenred SE is a participant of the Group International Cash Pooling and benefits in that scheme from an internal overdraft facility of £50m is available. The company is currently utilising £17.8m (2021: £29.9m) of the internal overdraft facility relating to the Tide Capital Loan arrangement, which has no fixed repayment date, but incurs interest of a current market rate plus an internal margin of 0.70%-0.80%. The overdraft can be mobilized at any time by request within the same day to cover any short-term financial needs. The facility is available to the company in excess of 12 months from the date of approving these financial statements and management having considered ongoing availability of this and expect Edenred SE would be able to deliver this in full in the period if needed. The updated forecast, including the stress test models, do not indicate that this facility is required but provides additional headroom.

The company is in a net current liabilities position of £37.7m (2021: £44.9m) which includes the £17.8m borrowed from Edenred SE recognised as a current liability that is not required or expected to be settled in the next 12 months. The £17.8m is expected to be fully settled in line with when the remaining loan to Tide Capital Limited is fully settled which currently has a maturity date of 4 November 2026. The company has assessed and is satisfied with Tide Capital Limited's ability to take mitigating actions and repay the loan in the event that the UK Government does not guarantee defaulted loans under the bounce back loan scheme. The remaining net current liabilities position is planned to be met through increased trading and working capital management with mitigations available where needed.

Notes to the Financial Statements

1. Accounting policies (continued)

Consolidated accounts

The company has taken advantage of the exemption conferred in section 401 of the Companies Act 2006 not to prepare consolidated financial statements as it is a subsidiary whose results are included within the consolidated accounts of its ultimate parent company, which are publicly available at the address above.

Intangible assets

Research expenditure is written off as incurred. Development expenditure, including website development, is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. Provision is made for any impairment.

Content development costs are capitalised only to the extent that they lead to the creation of an enduring asset delivering benefits at least as great as the amount capitalised. If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the costs of developing the design and content are charged to the profit and loss account as incurred.

Other contract-based intangible assets are amortised over the estimated client life of the relevant contract. Costs in relation to development of processing platform features directly to clients are initially recognised as intangible assets and amortised over the estimated client life, which on average is three years.

Capital work in progress is held at cost during the under construction period at the balance sheet date; depreciation commences once the assets are ready for their intended use.

Intangible assets are stated at cost, net of amortisation and any provision for impairment. Amortisation is provided on all intangible assets on a straight-line basis over its expected useful life, as follows:

Intangible assets	20% - 33% per annum.

Tangible assets

Tangible assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures & fittings	10% - 33% per annum.
Computer equipment	20% - 33% per annum.
Right of use assets	20% - 25% per annum.

Inventories

Inventories are stated at the lower of cost and net realisable value, first in first out ("FIFO") being the basis of the cost. Net realisable value is based on estimated selling price, less further costs expected to be incurred to disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Notes to the Financial Statements

1. Accounting policies (continued)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Revenue

Revenue represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. The recognition criteria is as follows:

- Set up fees recognised over the estimated client life.
- Ongoing processing fees recognised when each transaction is processed.

The receipt of payment is typically in line with when the performance obligations of the above fees are satisfied. The exception is set up fees which are billed and paid in milestones before the revenue can be recognised.

In line with IFRS15:56, the company must estimate variable consideration only to the extent that it is highly probable that a significant reversal in cumulative revenue recognised would not occur. When estimating the total variable consideration to be included within the transaction price, an entity is normally required to estimate it for the entire customer life and then allocate it to the specific performance obligations. However, the variable consideration is in relation to transaction revenue and as IFRS 15:85 is applied, the company is able to allocate the variable amount entirely to a specific time period within the contract which results in the following: the company estimates and recognises revenue based on the daily volume of prepaid card transactions. This effectively removes the uncertainty in relation to the variable transactions.

In contracts where the company is offering a volume-based discount, there is a separate performance obligation for this material right to purchase future services at a discount. As such, total consideration for the year in which the discount is applicable is estimated and then a portion allocated to this performance obligation in accordance with IFRS15:B43. This means the discount is spread evenly over the year.

The company recognises set up and service fees on an estimated customer life basis which is reviewed annually; the current estimated customer life is 3.5 years. On a contract modification dates, the company re-calculates the difference between revenue recognised to date verses revenue recognised as if the original term included this extension. Any difference (reduction or increase) in revenue is recorded as a cumulative catch-up in accordance with IFRS15:21. When there are contract modifications the annual review of the useful life of the intangible asset (i.e. the development costs of the platform) will likely also be affected and are accounted for as a change in estimate in accordance with IAS 8.

Pension Costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account in the period to which they relate.

Notes to the Financial Statements

1 Accounting policies (continued)

Foreign currencies
Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered to hedge certain foreign currency risks (see below under financial instruments).

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

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

If the transaction price differs from fair value at initial recognition, the company will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised as a gain or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss such that it reaches a value of zero at the time when the entire contract can be valued using active market quotes or verifiable objective market information. Depending on the type of financial instrument, the company can adopt one of the following policies for the amortisation of day one gain or loss:

- calibrate unobservable inputs to the transaction price and recognise the deferred gain or loss as the best estimates of those unobservable inputs change based on observable information; or
- release the day one gain or loss in a reasonable fashion based on the facts and circumstances (i.e. using either straight-line or non-linear amortisation).

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets classified as at fair value through profit or loss are recognised immediately in profit or loss.

Classification of financial assets
Financial assets under IFRS 9 Financial Instruments can be classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), amortised cost and 'at fair value through other comprehensive income' (FVOCI). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Notes to the Financial Statements

1 Accounting policies (continued)

Financial instruments (continued)

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Debt instruments classified as at FVTOCI

Debt instruments classified as at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, impairment gains or losses and interest income calculated using the effective interest method (see (i) above) are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these assets had been measured at amortised cost. All other changes in the carrying amount are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these assets are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is required to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement.

Impairment of financial assets

The company implemented IFRS9 Financial Instruments. This resulted in the company adopting the expected credit loss model in relation to impairment of financial assets. The company has adopted the simplified credit loss approach for recognition of trade receivables.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Notes to the Financial Statements

1 Accounting policies (continued)

Financial instruments (continued)

For all financial assets objective evidence of impairment resulting in a higher probability of default could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- adverse economic and business circumstances at the balance sheet date.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable or has an expected credit loss applied to it, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Expected credit losses (ECLs) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Prepay Technologies Limited expects to received, discounted at an approximation of the original effective interest rate.

For trade receivables, Prepay Technologies Limited applies a simplified approach in calculating the ECLs. Therefore Prepay Technologies Limited does not track changes in credit risk, but instead recognises a bad debt provision at the reporting date where losses are expected.

Financial liabilities and equity

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

Equity instruments

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

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is required to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement.

Leases

The company assesses whether a contract is or contains a lease, at inception of the contract. The company recognises a right-of- use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Notes to the Financial Statements

1 Accounting policies (continued)

Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented with creditors in the balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. .The company did not make any such adjustments during the periods presented.

Applying IFRS 16, for all leases (except as noted below), the company:

- Recognises right-of-use assets and lease liabilities in the balance sheet, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);
- Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss.
- Lease incentives (e.g. rent-free periods) are recognised as part of the measurement of the right-of-use assets and lease liabilities.
- Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

The company has used the following practical expedients when applying the cumulative catch-up approach to leases:

- The company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

Notes to the Financial Statements

1 Accounting policies (continued)

Leases (continued)

- The company has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease

Investments

The company has investments in subsidiary undertakings, measured at amortised cost and other investments in fixed income assets, measured at FVOCI. Funds invested in fixed income assets include client restricted funds.

2 Adoption of new and revised Standards.

New and amended IFRS Accounting Standards that are effective for the current year
In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. These include:

- Amendments to IFRS 3 *Reference to the Conceptual Framework*
- Amendments to IAS 16 *Property, Plant and Equipment—Proceeds before Intended Use*
- Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle, which include amendments to:
  - *IFRS 1 First-time Adoption of International Financial Reporting Standards,*
  - *IFRS 9 Financial Instruments,*
  - *IFRS 16 Leases, and*
  - *IAS 41 Agriculture*

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies and key sources of estimation

The following are the critical judgements that the directors have made in the process of applying the company's accounting policies as well as key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date are discussed below.

Notes to the Financial Statements

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

In the opinion of the directors there are no key sources of estimation uncertainty

Critical accounting judgements

Loan to Tide Capital Limited

As at year end, management has included in other debtors £19,313,594 (2021: £32,703,108) relating to a loan to Tide Capital Limited ("Tide") with a maturity date of 4 November 2026.

Prepay Technologies Limited has loaned the funds to Tide Capital Limited, for the purpose of enabling Tide Platform Limited (of which Tide Capital Limited is a subsidiary) to issue loans to its customers under the UK Government Bounce Back Loan Scheme, which is aimed at small and micro entities, who if eligible can receive a loan of up to £50,000. The loans made to the borrower by Tide Capital Limited under the Bounce Back Loan scheme have a six year term, and there are no repayments in the first year.

Thereafter, the borrower assumes responsibility for all interest and capital repayments, in case of the business failing, both capital and interest are 100% guaranteed by the UK Government. The company has assessed Tide Capital Limited's ability to take mitigating actions to repay the loan in case the UK Government does not guarantee any defaulted loans. Mitigating actions primarily include utilising cash reserves of Tide Capital Limited and its parent. The company's assessment included stress testing forecasts, benchmarking loss rate assumptions to wider industry experience, and confirming available cash reserves of Tide Capital Limited and its parent. The company exercises judgement in assessing the recoverability of this loan.

Management has determined Tide's loss rate as the key estimate in determining impairment of the loan. A 1% change in loss rate assumption would result in a £0.6m increase/decrease to the mitigating actions required to cover any shortfall. In case of the failure of Tide Capital Limited, The Company holds a debenture over Tide Capital Limited mitigating the risk of not receiving loan repayments. In 2022, the company applied a 1.5% interest rate to the outstanding balance of the loan. The company has therefore assessed that no impairment is required at the year end.

4 Revenue

Revenue is wholly attributable to the provision of prepaid and stored value services to the UK, Europe and Rest of the World.

	2022	2021
	£	£
UK	23,549,683	18,708,452
Europe	11,878,514	9,429,041
Rest of World	2,609,540	1,683,230
Total ongoing processing fees	**38,037,737**	**29,820,723**
UK	5,691,889	2,379,066
Europe	1,900,150	2,541,014
Rest of World	52,682	67,615
Total set-up fees and other[1]	**7,644,721**	**4,987,695**
Total Revenue	**45,682,458**	**34,808,418**

[1] *Setup fees and other revenue comprises setup fees, intercompany management fees and interest income.*

Notes to the Financial Statements

5. Operating Profit

	2022	2021
Operating profit is stated after charging/(earning):	£	£
Amortisation of intangible assets	4,608,517	3,799,039
Depreciation of tangible fixed assets	753,745	797,707
Depreciation of right of use lease assets	385,453	551,933
Auditor's remuneration:		
- fees payable to the company's auditor for the audit of the company's annual accounts	170,996	122,228
Bad debt provision charge/(reversal)	279,071	(864,915)

There are no non-audit services fees payable to the auditors.

6 Staff costs

The average monthly number of employees (including executive directors) was:	2022	2021
	No	No
Administration	51	41
Marketing and sales	19	15
Technical	256	206
	326	262

	2022	2021
Their aggregate remuneration comprised:	£	£
Wages and salaries	16,296,930	13,127,675
Social security costs	1,372,674	1,120,368
Pension costs	837,872	714,523
	18,507,476	14,962,566

Included in the Balance Sheet for the current year is a pension accrual for 2022 of £110,102 (2021: £101,789).

7 Directors' remuneration and transactions

	2022	2021
Directors' remuneration	£	£
Emoluments	592,820	825,859
Company contributions to money purchase pension schemes	7,706	45,525
Company contributions to other pension schemes	31,955	29,797
	632,481	901,181
	No	No
Are members of a money purchase pension scheme	1	3
Had awards receivable in the form of shares under a long-term incentive scheme	2	3

The amounts above include loss of office compensation for one Director.

	2022	2021
Remuneration of the highest paid director:	£	£
Emoluments	355,456	319,401
Company contributions to pension schemes	31,955	29,797
	387,411	349,198

The other pension scheme relates to contributions in occupational pension scheme in France and recharged to the company by Edenred SE. Certain directors of the company are remunerated by the Group. The proportion of their remuneration in relation to the company is immaterial.

Notes to the Financial Statements

8 Interest receivable, payable and similar charges	2022 £	2021 £
Interest receivable on short-term deposit	141,622	122,205
Interest receivable	**141,622**	**122,205**
Interest payable on short-term funding	456,991	316,511
Interest payable on subordinated loan to Group Company	315,832	229,122
Interest payable on lease liabilities	16,867	30,265
Interest payable	**789,690**	**575,898**
Bank charges and similar charges	1,910,283	392,034
Foreign exchange (gains)/losses	(397,795)	232,338
Total interest payable and similar charges	**2,302,178**	**1,200,270**

9 **Tax**

	2022 £	2021 £
Corporation tax		
UK corporation tax	236,367	280,934
Total corporation tax	236,367	280,934
Deferred tax		
Origination and reversal of temporary differences	348,621	(719,499)
Total deferred tax	348,621	(719,499)
Total tax charge for the year	**584,988**	**(438,565)**

The charge for the year can be reconciled to the profit in the income statement as follows:

	2022	2021
Profit on ordinary activities before tax	1,873,921	2,839,707
Tax on ordinary activities at the UK corporation tax rate of 19% (2019: 19%)	356,045	539,544
Fixed asset timing differences	(45,938)	(4,728)
Expenses not deductible for tax purposes	9,292	4,017
Other differences and prior year adjustments	174,876	(109,360)
Adjustment to tax charge - deferred tax	9,269	(43,109)
Remeasurement of deferred tax for changes in tax rates	81,444	(824,929)
Total tax charge for the year	**584,988**	**(438,565)**

Notes to the Financial Statements

9. Tax (continued)

The company generated profit in 2022 of £1,873,921 (2021: 2,839,707) which was chargeable to corporation tax. The company has forecasted that it will continue to make profits in the coming years, which is when the reminder of the deferred tax asset will be utilised.

From 1 April 2017 the main rate of corporate tax reduced from 20% to 19%. Subsequently, the Finance Act 2016 provides for a further reduction in the main rate of corporation tax to 17% effective from 1 April 2020 which was reversed from 17% to 19% in 2020. These rate changes have been reflected in the calculation of deferred tax at the balance sheet date.

Following enactment of Finance Act 223 and announcements in Budget 2023, the UK government increased the UK corporation tax rate to 25% with effect from 1 April 2023. This impacts the value of our UK deferred tax balances, and the tax charged on UK profits generated in 2023 and subsequently.

10 Intangible fixed assets	**Work In Progress**	**Other intangible assets**	**Platform development**	**Total**
	£	**£**	**£**	**£**
Cost				
at 1 January 2022	2,952,222	3,559,948	32,571,349	39,083,519
Additions	7,025,649	-	4,980,974	12,006,623
Transfers	(2,404,312)	-	2,404,312	-
at 31 December 2022	7,573,559	3,559,948	39,956,635	51,090,142
Amortisation				
at 1 January 2022	-	3,453,026	20,077,214	23,530,240
Charge for the year	-	106,922	4,501,595	4,608,517
at 31 December 2022	-	3,559,948	24,578,809	28,138,757
Net book value				
at 31 December 2022	**7,573,559**	**-**	**15,377,826**	**22,951,385**
at 31 December 2021	**2,952,222**	**106,922**	**12,494,135**	**15,553,279**

Amortisation of intangible assets are recognised in Other Operating Charges. This excludes amortisation of intangible assets relating to cost of development of processing platform features directly to clients, which is recognised in Cost of Sales. Transfers represent costs of projects which have gone live. Amounts are reclassified from work in progress to platform development.

Notes to the Financial Statements

11 Tangible assets	Right-of-use assets buildings	Fixtures & fittings	Computer equipment	Total
Cost	£	£	£	£
at 1 January 2022	2,469,580	1,329,068	7,108,084	10,906,732
Additions	-	34,459	1,018,379	1,052,838
at 31 December 2022	2,469,580	1,363,527	8,126,463	11,959,570
Depreciation				
at 1 January 2022	1,638,825	1,195,077	5,804,715	8,638,617
Charge for the year	385,456	76,712	677,032	1,139,200
at 31 December 2022	2,024,281	1,271,789	6,481,747	9,777,817
Net book value				
at 31 December 2022	**445,299**	**91,738**	**1,644,716**	**2,181,753**
at 31 December 2021	**830,755**	**133,991**	**1,303,369**	**2,268,115**

Right-of-use assets

The company has three leases for its premises and no additional leases were entered into during 2022. The average total lease term is 10 years from the start of the lease.

The total cash outflow in relation to leases in the year amount to £ 405,688 (2021: 596,920).

Notes to the Financial Statements

12 Investments

Investments

	2022	2021
	£	£
Investments: amounts falling due after one year	35,508,959	33,349,108
Investments: amounts falling due within one year	416,051,307	14,829,223
	451,560,266	**48,178,331**

During the year the £451,560,266 investment portfolio of restricted client funds was held in bonds and cash which are secure, low risk and liquid assets. Restricted client funds relates to cardholder funds for regulated and non-regulated activities.

Subsidiary direct undertakings	Country of incorporation/ registration	Principal Activity	% holding	Class of share
Prepay Group Limited				
Registered Office:	England and Wales	Dormant	100%	Ordinary
4th Floor. Station Square				
1 Gloucester Street, Swindon				
				£
Cost at 1 January 2022 and 31 December 2022				1
Prepay Technologies Limited EU SA				
Registered Office:	Belgium	Financial services	100%	Ordinary
Boulevard du Souverain 165, box 9				
1160 Auderghem, Brussels				
				£
Cost at 1 January 2022 and 31 December 2022				10,736,816

13 Inventories

	2022	2021
	£	£
Plastic cards and carriers	22,789	22,789

There is no material difference between the balance sheet value of stocks and their replacement costs.

Notes to the Financial Statements

14 Debtors	2022 £	2021 £
Trade debtors	7,607,992	6,342,552
Prepayments	1,432,242	1,523,608
Other debtors	2,861,605	3,461,184
Amounts owed by parent undertaking	894,520	8,376,787
Accrued income	436,761	351,465
Amounts falling due within one year	**13,233,120**	**20,055,596**
Other debtors	19,313,594	33,542,407
Deferred tax asset (Note 19)	3,094,611	3,443,232
Amounts falling due after more than one year	**22,408,205**	**36,985,639**
Total debtors	**35,641,325**	**57,041,235**

Amounts owed by group companies are repayable within 30 days of invoicing. No interest is applied to overdue balances.

Included in other debtors is £19,313,594 (2021: £32,703,108) relating to a loan to Tide Capital Limited with a maturity date of 4 November 2026. Prepay Technologies Limited has loaned the funds to Tide Capital Limited, for the purpose of enabling Tide Platform Limited (of which Tide Capital Limited is a subsidiary) to issue loans to its customers under the UK Government Bounce Back Loan Scheme, which is aimed at small and micro entities, who if eligible can receive a loan of up to £50,000. The loans made to the borrower by Tide Capital Limited under the Bounce Back Loan scheme have a six year term, and there are no repayments in the first year.

Thereafter, the borrower assumes responsibility for all interest and capital repayments, in case of the business failing both capital and interest are 100% guaranteed by the UK Government. The company has assessed Tide Capital Limited's ability to take mitigating actions to repay the loan in case the UK Government does not guarantee any defaulted loans. Mitigating actions primarily include utilising cash reserves of Tide Capital Limited and its parent. The company's assessment included stress testing forecasts, benchmarking loss rate assumptions to wider industry experience, and confirming available cash reserves of Tide Capital Limited and its parent. A 1% change in loss rate assumption would result in a £0.6m increase/decrease to the mitigating actions required to cover any shortfall. In case of the failure of Tide Capital Limited, PrePay Technologies Limited holds a debenture over Tide Capital Limited mitigating the risk of not receiving loan repayments. During 2022 the company applied a 1.5% interest rate to the outstanding balance of the loan.

15 Cash at bank and in hand	2022 £	2021 £
Company cash	11,745,189	9,636,669
Restricted cash	228,900,813	763,970,869
	240,646,002	**773,607,538**

Restricted cash relates to cardholder funds for regulated and non-regulated activities. Included within Company cash is £4,615,977 (2021: 4,000,068) ringfenced as a liquid assets buffer, as part of the company's wind down plan.

Notes to the Financial Statements

16 Creditors - amounts falling due within one year	**2022** **£**	**2021** **£**
Trade creditors	8,924,112	1,617,105
Other creditors	668,971,665	815,476,350
Amounts due to parent undertaking	17,753,467	29,860,027
Other taxation and social security	388,961	432,497
Corporation tax	220,423	280,934
Accruals and deferred income	11,390,859	5,457,044
Lease liabilities	15,370	338,000
	707,664,857	**853,461,957**

Included within other creditors is £612,378,094 (2021: £743,129,980) relating to e-money regulated cardholder funds. The remaining balance of other creditors relates to non e-money programmes balances. The amount due to parent undertaking is the funding facility provided by Edenred SE for the Tide Capital Loan for £17,753,467 (2021: £29,860,027). The facility is unsecured and have been agreed based on general market conditions with an interest rate of LIBOR plus 350 basis points.

Included within Accruals and deferred income is £493,935 (2021: £691,136) contract liability in relation to development of processing platform features directly to clients that are recognised over the estimated client life. An amount of £197,201 (2021: £573,876) has been recognised as revenue during the year in relation to the contract liability which existed at the start of the year.

17 Creditors - amounts falling due after one year	**2022** **£**	**2021** **£**
Subordinated loan	6,350,000	6,350,000
Lease liabilities	325,994	410,511
	6,675,994	**6,760,511**

The subordinated loans are unsecured, perpetual and have been agreed based on general market conditions with an interest rate of LIBOR plus 350 basis points. There are no amounts due over 5 years.

Analysis on lease liabilities are presented in Note 18.

Notes to the Financial Statements

18 Share capital

Share capital:	2022 No	2022 £	2021 No	2021 £
Opening ordinary shares	22,716,681	227,166	21,279,899	212,798
New ordinary shares issued	1,012,235	10,122	1,436,782	14,368
Closing ordinary shares	23,728,916	237,288	22,716,681	227,166

Allotted, called up and fully paid:	2022 No	2022 £	2022 No	2022 £
Ordinary shares of £0.01 each	23,728,916	237,288	22,716,681	227,166

The company issued 1,012,235 shares of £0.01 each for a cash consideration of £3,522,578 (2021: 1,436,782 shares for £5,000,002).

Share Premium
The company's share premium account represents the excess of the issue price over the par value on the shares issue, less any transaction cost arising on the issue.

Retained Earnings
The retained earnings balance account represents the total reserves of Prepay Technologies Limited.

19 Analysis of Lease liabilities

	2022 £	2021 £
Expiry date		
- within one year	15,370	338,000
- within two to five years	325,994	247,824
- greater than five years	-	162,687
	341,364	**748,511**

The commitments above relate to leases that represent rentals payable by the company for premises in London and Swindon.

Notes to the Financial Statements

20 Deferred Tax

The following are the deferred tax movements recognised by the company during the current and prior reporting period.

	Fixed assets	Short term timing differences	Tax losses	Total
	£	£	£	£
At 1 January 2021	**(34,773)**	**45,638**	**2,712,868**	**2,723,733**
(Charge)/Credit to profit or loss	(111,437)	(12,675)	843,611	719,499
At 31 December 2021	**(146,210)**	**32,963**	**3,556,479**	**3,443,232**
(Charge)/Credit to profit or loss	(214,137)	69,768	(204,252)	(348,621)
At 31 December 2022	**(360,347)**	**102,731**	**3,352,227**	**3,094,611**

The company has unrelieved tax losses of approximately £12,066,349 (2021: £14,201,803) available for offset against future trading profits. A deferred tax asset £3,094,611 (2020: £3,443,232) relating to these losses has been recognised. There is no unrecognised deferred tax asset at 31 December 2022 (2021: £nil) and there is no expiry date for utilising the carried forward tax losses.

21 Financial Risk Management

Prepay Technologies Limited is exposed to Market risk, credit risk and liquidity risk.

Market risk

Market risk is the that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risk compromises of three types of risk: interest rate risk, credit risk and liquidity risk.

Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Prepay Technologies Limited considers interest rate risk to be insignificant due to low debt and interest bearing assets are held in low risk portfolios.

Credit Risk

Credit risk is defined as the risk exposure to financial losses if a counterparty fails to perform their financial contractual obligation. Prepay Technologies Limited's trade receivables are the contractual cashflow obligations that the payors must meet and the Bounce Back Loan provided to Tide Capital Limited. The payors are Edenred Group companies and other clients. Utilising the simplified approach, Prepay Technologies Limited has shown there is no expected credit loss due to no historic credit losses and no material need for a lifetime loss allowance.

In certain cases, Prepay Technologies Limited may also consider a financial asset to be in default when internal or external information indicates that Prepay Technologies Limited is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

In respect of the loan to Tide Capital Limited, Prepay Technologies Limited has no expected credit loss due to the conditions of the loan. In the event of the failure of Tide Capital Limited, Prepay Technologies Limited holds a debenture over Tide Capital Limited allowing it to assume control and ownership of Tide Capital, and become the direct beneficiary of the loan repayments and government guarantee payments. Through this mechanism Prepay Technologies Limited is able to ensure that the risk of not receiving loan repayments is mitigated.

Notes to the Financial Statements

21 Financial Risk Management (continued)

2022	<30 days £	30-60 days £	61-90 days £	>91 days £	Total £
Trade Receivables	12,118,864	977,408	461,520	548,956	14,106,748
	12,118,864	**977,408**	**461,520**	**548,956**	**14,106,748**

2021					
Trade Receivables	5,229,849	115,421	195,676	801,607	6,342,553
	5,229,849	**115,421**	**195,676**	**801,607**	**6,342,553**

Liquidity Risk

Liquidity risk is the risk that Prepay Technologies Limited will encounter difficulty in meeting obligations to settle its liabilities. This is managed through cash flow forecasting.

Maturity analysis

The maturity profile of Prepay Technologies Limited's financial liabilities based on contractual and undiscounted payments is as follows as the reporting date:

2022	<1 year £	1-5 years £	>5 years £	Total £
Trade and other payables	8,924,112	-	-	8,924,112
Lease Liabilities	15,370	325,994	-	341,364
	8,939,482	**325,994**	**-**	**9,265,476**

2021				
Trade and other payables	1,617,105	-	-	1,617,105
Lease Liabilities	338,000	410,511	-	748,511
	1,955,105	**410,511**	**-**	**2,365,616**

Capital Risk Management

The company includes issued capital, share premium and all other equity reserves for the purposes of capital management. The primary objective of Prepay Technologies Limited capital management is to maximise the shareholder value.

Prepay Technologies Limited manages its capital structure and makes adjustments considering changes in economic conditions and investment required to support growth. To maintain or adjust the capital structure, Prepay Technologies Limited may issue new shares.

Externally imposed capital requirements

The capital adequacy of the business is monitored on a monthly basis by the finance team as part of general internal reporting. Prepay Technologies Limited conducts a capital adequacy process, as required by the Financial Conduct Authority (FCA) to assess and maintain appropriate levels.

Notes to the Financial Statements

22 Related party transactions

Invoices for a total of £7,482,696 (2021: £8,321,593) were paid to MasterCard Europe SA (28.29% shareholder of the company) in connection with scheme fees.

During the year the company invoiced a total of £15,063,740 (2021: £11,766,972) to its shareholders and fellow subsidiaries in respect of programme set-up and transaction processing fees.

The company has recognised a total of £694,537 (2021: £1,244,386) income in respect of service fee chargeable to its subsidiary Prepay Technologies Limited EU.

An amount of £6,350,000 (2021: £6,350,000) related to subordinated loan with Edenred UK is included within creditors falling due after one year.

At the balance sheet date, £3,595,880 (2021 £222,180) was payable to Edenred SE and £nil (2021: £nil) was payable to MasterCard Europe SA. These amounts are included within creditors due within one year, had no interest bearing and were repayable on demand.

The company held £583,583 (2021: £8,376,787) in Edenred SE cash pooling bank accounts and to provide the loan to Tide Capital, the company utilised a funding facility with Edenred SE, at the balance sheet date the value of the overdraft was £17,753,467 (2021: £29,860,027).

A further amount of £2,847,991 (2021: £1,767,312) was recognised at the balance sheet date as amounts owed from Edenred companies.

Transactions with Edenred SE, MasterCard Europe SA and all fellow subsidiaries were conducted at arms' length, on normal commercial terms and in the ordinary course of business.

23 Controlling party

The directors are of the opinion that the ultimate parent company and controlling party is Edenred SE which is incorporated in France. The largest and smallest groups in which the company is consolidated is also Edenred SE and copies of their consolidated financial statements can be obtained from Edenred SE, whose registered office is located at: Immeuble Be Issy, 14- 16 Boulevard Garbaldi, 92130, Issy-les-Moulineau, France.

24 Post balance sheet events

LIBOR Indexed Borrowings

The company currently has financing arrangements which utilise the LIBOR as a factor in determining the interest rate. We do not expect a material impact from utilising SONIA as an alternative rate after the cessation of the majority of LIBOR rates in March 2023

Share purchase

On 31 March 2023, Edenred SE, the ultimate parent company, purchased all the issued shares (6,712,433 shares) held by Mastercard Europe S.A

Share issuance

On 15th May 2023, the company received additional funding of £10m through the issuance of 2,873,563 shares.