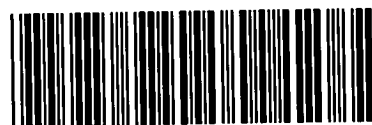


First Rate Exchange Services Holdings Limited
(Registered Number: 04287534)

Annual Report
for the year ended 31 March 2023

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First Rate Exchange Services Holdings Limited

Annual Report & Financial Statements

for the year ended 31 March 2023

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First Rate Exchange Services Holdings Limited

Company Information

Directors The Directors of the Company during the year under review and up to the date of this report are as follows:

Andrew Hardie	
Gary Fitton	
Sharon Cross	
Benjamin Foat	
Ciara Moore	
Daniel Ehreich	
Ian McLaughlin	
Jillian Armstrong	
Martin Roberts	(Appointed: 1 March 2023)
Barbara Brannon	(Appointed: 5 July 2022)
Katie Secretan	(Appointed: 15 July 2022)
Amanda Jones	(Resigned: 22 June 2022)
Catherine Mayor	(Resigned: 29 April 2022)
Lisa Cherry	(Resigned: 1 June 2022)

None of the Directors have any interest in the ordinary share capital of the Company or Group.

Secretary Rachel Scarrabelotti (Appointed: 6 July 2022)

Registered Office Great West House
Great West Road
Brentford
Middlesex
TW8 9DF

Company Number 04287534

Independent Auditors RSM UK Audit LLP
25 Farringdon Street
London
C4A 4AB

First Rate Exchange Services Holdings Limited

Strategic Report for the year ended 31 March 2023

The Directors present their strategic report for the year ended 31 March 2023.

Review of Business

Principal Activity

The principal activity of the Group is the supply of foreign currency in the UK.

The Company is regulated by the Financial Conduct Authority (FCA) to hold an e-money licence.

Trading Review

The Group's performance for the financial year improved significantly on the prior year with the travel restrictions implemented due to COVID-19 permanently lifted in March 2022.

Management is confident that as the demand for travel money continues to increase, the business is well placed to respond and take advantage of this increased demand.

The results of the Group prepared under International Financial Reporting Standards in conformity with the requirements of the Companies Act 2006 show a pre-tax profit of £71.0m (2022: £7.5m) and revenue of £166.2m (2022: £68.6m) for the year. The Group has net assets of £149.3m (2021: £97.9m).

Net cash inflow from operating activities for 2023 was £103.6m (2022: £27.0m outflow).

Strategy

The Group's strategy is to achieve success in the long term by maintaining its clear market leadership using the scale and reach of its distribution through Post Office and other partnerships, and by providing high quality and innovative products, outstanding customer service and a challenging and rewarding environment for its people.

Future Outlook

The continued development of existing product channels, support for new business opportunities and our commitment to providing high levels of customer services, will enable us to retain and expand upon our existing retail and wholesale customer base and market share in the future as travel continues to grow.

There is a risk that inflation and high interest rates could impact holiday travel, but the business has strong reserves and operates stringent cost controls to weather the impact of any short-term economic downturn.

First Rate Exchange Services Holdings Limited

Strategic Report for the year ended 31 March 2023

Section 172 Statement

The Board of Directors, in line with their duties under s172 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 and its subsidiary for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- the likely consequence of any decision in the long term,
- the interests of the Group's employees,
- the need to foster the Group's business relationships with suppliers, customers and others,
- the impact of the Group's operations on the community and the environment,
- the desirability of the Group maintaining a reputation for high standards of business conduct, and
- the need to act fairly between members of the Group

The Directors' regard to these matters is embedded in their decision-making process, through the Group's business strategy, culture, governance framework, management information flows and stakeholder engagement processes.

The Group's business strategy is focussed on achieving success for the Group in the long-term whilst recognising the need to concentrate on the market recovery in the short term as reported in the trading review. In setting this strategy, the Board takes into account the impact of relevant factors and stakeholder interests on the Group's performance.

The Board has the ultimate responsibility for risk management, oversight and governance within the Group. It delegates responsibilities for a range of specific items to different committees and in all cases, the Board is kept fully informed of the activities of each committee through formal reports, minutes and ad-hoc information as required.

The Board promotes a culture of upholding the highest standards of business and regulatory conduct. The Board ensures these core values are communicated to the Group's employees and embedded in the Group's policies and procedures, employee induction and training programmes and its risk control and oversight framework.

The Directors are supported in the discharge of their duties by:

- Processes which ensure the provision of timely management information and escalation through reporting lines to the Board from the Group's business areas, its risk and control functions, support teams and committees of the Board
- Agenda planning for Board and Committee meetings to provide sufficient time for the consideration and discussion of key matters

First Rate Exchange Services Holdings Limited

Strategic Report for the year ended 31 March 2023

Stakeholders

The Board understands the importance of engagement with all of its stakeholders and gives appropriate weighting to the outcome of its decisions for the relevant stakeholder in weighing up how best to promote the success of the Group.

The Board or its committees regularly discuss issues concerning employees, customers, suppliers, and its shareholders, which it takes into account in its discussions and in its decision-making process.

The Group's key stakeholders and how they are engaged are shown below.

Employees - Our employees contribute to a positive working culture and healthy working environment. Employees are key to the success of our business. In addition to aiming to be a responsible employer in our approach to pay and benefits, the Group's policy is to encourage effective communication and consultation between employees and management, particularly on matters relating to strategy, financial and economic factors that may influence the Group's performance. This is achieved through the use of an extensive range of communication channels including face-to-face briefings, emails and the intranet.

The Board particularly considers the safety and well-being of the Group's employees by overseeing a comprehensive 'healthy organisation' programme and monitoring employee engagement. This is evidenced by the strong results shown in the annual employee engagement survey and a specific Diversity and Inclusion survey.

Adoption of a best practice approach to people management includes delivery of a safe, supportive working environment where equality, open communication and two way listening are encouraged. An equal opportunities policy is maintained in all respects including disability, age, religion, colour, sex, nationality, ethnic origin, race, creed, sexual orientation and marital status.

Customers - Customers are at the centre of our business and include the Post Office and Corporate Clients along with their respective customers. Consumer Duty is applicable through our prepaid travel card and requires the Group to put the customer at the heart of the business and focus on delivering good outcomes. We have regular meetings with both the Post Office and our Corporate Clients to understand and meet their needs, and our sales support team actively engages with a large number of Postmasters. A member of the Post Office team regularly attends Board meetings and actively engages with the Board to provide a customer view on proposals.

Suppliers - We work with a wide range of suppliers both in the UK and globally. The Board ensures that we remain committed to being fair and transparent in our dealings with all of our suppliers. The Group has procedures to ensure due diligence of all of our suppliers including anti-bribery, data protection and modern slavery policies, which are approved by our Board and the Audit & Risk Committee annually.

Community and environment - Corporate Social Responsibility is important to the Group and a number of initiatives are currently being implemented to reduce the Group's carbon footprint and increase its donations of time and money to registered charitable causes.

Regulators - The Group is regulated by Her Majesty's Revenue and Customs (HMRC) as a Money Service Business (MSB) and by the Financial Conduct Authority (FCA) as an e-Money Issuer. All interaction with the Regulators is shared with the Audit and Risk Committee.

Shareholders - The Company and its subsidiary has two shareholders who each appoint Directors to the Company and subsidiary Boards. These Directors meet with the executive Directors six times per annum, and the management team execute the strategy and the annual operating plan that has been set in those meetings, with regular reporting back to the Board via management updates. The relationship with the shareholders is governed by a joint venture agreement which includes various requirements for consent and information provision.

First Rate Exchange Services Holdings Limited

Strategic Report for the year ended 31 March 2023

Capital Management Policy

The Group's objectives when managing capital, deemed to be reserves and cash, are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group maintains appropriate capital by having an active dividend policy such that profits are distributed to shareholders where possible, while sufficient cash is retained in the business to support capital growth. The Group maintains appropriate levels of working capital through money market borrowing and lending through Bank of Ireland Group.

Principle Risks and Uncertainties

The Group has exposure to market risk, operational risk, political and economic risk, credit risk and liquidity risk.

There is instability in both the UK and overseas economic environments. Although the longer-term effects remain unknown, the Company has continued to perform strongly in 2023 despite inflationary pressure and currency fluctuations. The Directors aim to manage and mitigate the impact of these economic uncertainties through stringent control of the cost base and utilisation of its strong reserves as required.

The Directors have also considered the risks faced by the Company as a result of the ongoing war in Ukraine. These considerations include the potential impact on demand for foreign currency products and exposure to service providers in Ukraine and Russia.

Details of the Group's risk management policies are given in note 30 to the accounts headed "Risk Management"

Financial Instruments

The Group's principal financial instruments include money market deposits and borrowings and derivative financial instruments, the purpose of which is to manage currency risks arising from the Group's activities. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Key Performance Indicators

Given the straightforward nature of the business, the key metrics that the Group's Directors use for the understanding of the development, and performance or position of the business, are cash flows, profit before tax and revenue. In addition to these, the Group has a suite of bespoke daily, weekly, and monthly KPIs which are used to monitor performance.

On behalf of the Board



Andrew Hardie
Director

5 July 2023

First Rate Exchange Services Holdings Limited

Directors' Report for the year ended 31 March 2023

The Directors present their report together with the audited financial statements of First Rate Exchange Services Holdings Limited (the 'Company') and its subsidiary First Rate Exchange Services Limited (together "the Group") for the year ended 31 March 2023.

The Group financial statements comprise the consolidated financial statements of the Company including its subsidiary as defined by the Companies Act 2006.

First Rate Exchange Services Holdings Limited and its subsidiary First Rate Exchange Services are both limited companies incorporated and domiciled in the United Kingdom.

Results and Dividends

The Consolidated Statement of Comprehensive Income is set out on page 13 and shows the profit for the year.

An interim dividend of £6m was declared and paid in the year (2022: £Nil). No final dividend has been declared by the company for the year (2022: £Nil).

Going Concern

The financial statements have been prepared on a going concern basis. In reviewing the going concern of the Group, the Directors have considered the effects of Covid-19 and the recent improvement in the Group's sales performance. Several trading scenarios have been considered for the next 12 months including further Covid-19 outbreaks and renewed travel restrictions. In all of these models, the Group continues to show positive cash balances and net assets. The Directors are therefore satisfied that the Group is able to meet its obligations as they fall due, for a period of at least 12 months from the date of this report.

Employees

The Group is committed to attracting, developing and retaining the best employees. We do this by offering competitive remuneration packages, a definitive career path and a working environment that gives everyone the opportunity to achieve their aspirations through commitment, loyalty and trust.

We actively encourage continuous training and skills development for all employees to ensure achievement of corporate and individual objectives. Management development and training programmes have been designed to attract and retain the best people.

Streamlined Energy and Carbon Reporting (SECR)

The Company's greenhouse gas (GHG) reporting is undertaken in line the SECR requirements for large unquoted companies implemented per The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, as stipulated by the Companies Act 2006.

Company:	2023 Energy Consumption (kWh)	2023 GHG Emissions (tCO ₂ e)	2022 Energy Consumption (kWh)	2022 GHG Emissions (tCO ₂ e)
Scope 1: Direct		0.07		0.21
Scope 2: Energy Indirect		124.91		125.08
Scope 3: Other Indirect		50.89		16.94
Total	535,772	175.87	536,502	142.23
<hr/>				
Intensity Ratio: tCO ₂ e per employee		0.5		0.5

First Rate Exchange Services Holdings Limited

Directors' Report for the year ended 31 March 2023

These calculations have been prepared using UK Government Environmental Reporting guidelines – including relevant conversion factors for the reporting year and the Greenhouse Gas Protocol Corporate Accounting and Reporting standards

Actions taken to improve energy efficiency

Opportunities to implement energy efficiency measures are limited due to sites being leased as opposed to owned, however the Group is committed to managing its environmental impact and has established a climate task force to work with its stakeholders through a materiality assessment to focus on prioritised UN Sustainability goals to help reduce emissions by 50% by 2030 and aim to be carbon zero by 2050. The Group will be installing solar panels on some business premises and further initiatives will be implemented to continue to improve the Group's energy efficiency over the coming years. Additionally, the Group offers cycle to work and electric car schemes to encourage employees to use environmentally friendly transport for their commute to the Group's offices.

Political Contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year.

Disclosure of information to auditor

In the case of each director in office at the date the Directors' Report is approved:

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

Independent Auditors

The auditors RSM LLP were approved as new auditors by the Board on 18 August 2022 and have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Board meeting.

Statement of engagement with suppliers, customers and others in a business relationship with the Group

The disclosure requirements in relation to the above are in the s172 report included within the Strategic Report.

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

On behalf of the Board



Andrew Hardie
Director
5 July 2023

First Rate Exchange Services Holdings Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare both the group and the parent company financial statements in accordance with UK-adopted International Accounting standards.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted International Accounting standards;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the members of First Rate Exchange Services Holdings Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of First Rate Exchange Services Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of comprehensive income, group and company balance sheet, group and company cash flow statement, group and company statements of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the 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 First Rate Exchange Services Holdings Limited

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Independent Auditor's Report to the members of First Rate Exchange Services Holdings Limited

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

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud having obtained an understanding of the effectiveness of the control environment.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are UK-adopted IAS, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Financial Conduct Authority regulations. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and the completion of controls, data analytics and substantive testing on the recognition of revenue.

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

Independent Auditor's Report to the members of First Rate Exchange Services Holdings Limited

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.

Neil Griggs

NEIL GRIGGS (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street, London, EC4A 4AB

Date 07/07/23

First Rate Exchange Services Holdings Limited

Consolidated Statement of Comprehensive Income For the year ended 31 March 2023

		2023 £'000	2022 £'000
	<i>Note</i>		
Revenue		166,202	68,611
Cost of Sales		(35,956)	(24,872)
Gross Profit		130,246	43,739
Administrative Expenses		(56,005)	(34,955)
Operating Profit		74,241	8,784
Finance and Other Income	3	1,304	194
Finance Expense	4	(4,574)	(1,464)
Profit before tax	2	70,971	7,514
Tax Charge	5	(13,582)	(1,401)
Profit for the year		57,389	6,113
Total comprehensive income for the year		57,389	6,113

All amounts relate to continuing activities.

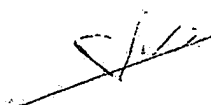
The notes on pages 17 to 42 form part of these financial statements.

First Rate Exchange Services Holdings Limited
(Registration Number 04287534)

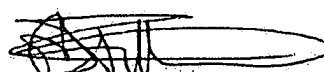
Balance Sheets
as at 31 March 2023

		Group		Company	
		2023	2022	2023	2022
		£'000	£'000	£'000	£'000
	Note				
Non Current Assets					
Intangible Assets	7	5,739	9,591	-	-
Property, plant and equipment	8	1,041	1,304	-	-
Investment in subsidiary	9	-	-	6,240	6,240
Deferred tax assets	17	426	363	-	-
Total Non Current Assets		7,206	11,258	6,240	6,240
Current Assets					
Inventories	10	770	525	-	-
Trade and other receivables	11	150,710	150,822	-	-
Loans and cash advances to banks	12	26,124	1,500	-	-
Derivative financial assets	15	246	3	-	-
Customer funds held in trust	24	111,527	99,021	-	-
Cash in vaults and in transit	25	178,390	180,327	-	-
Cash at bank and in hand		45,893	21,969	522	522
Total Current Assets		513,660	454,167	522	522
TOTAL ASSETS					
		520,866	465,425	6,762	6,762
Equity					
Ordinary shares	18	2	2	2	2
Share premium	19	3,998	3,998	3,998	3,998
Retained earnings		145,265	93,876	95	95
Total Equity		149,265	97,876	4,095	4,095
Non Current Liabilities					
Financial liabilities – borrowings	14	157	577	-	-
Total Non Current Liabilities		157	577	-	-
Current Liabilities					
Trade and other payables	13	178,915	147,632	2,667	2,667
Financial liabilities – borrowings	14	80,774	118,776	-	-
Derivative financial liabilities	15	76	771	-	-
Current tax liabilities	16	152	772	-	-
Customer funds held in trust	24	111,527	99,021	-	-
Total Current Liabilities		371,444	366,972	2,667	2,667
TOTAL EQUITY AND LIABILITIES					
		520,866	465,425	6,762	6,762

The financial statements were approved by the Board on 5 July 2023.



Andrew Hardie
Director



Gary Fitton
Director

The notes on pages 17 to 42 form part of these financial statements.

First Rate Exchange Services Holdings Limited

Cash Flow Statements for the year ended 31 March 2023

		Group		Company	
	Note	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash flow from / (used in) operating activities	20	108,670	(43,268)	-	-
Customer Funds held in trust		12,506	14,264	-	-
Interest received	3	1,304	194	-	-
Interest paid	4	(4,574)	(1,464)	-	-
Tax (paid) / refunded		(14,265)	3,234	-	13
Net cash from / (used in) operating activities		103,641	(27,040)	-	13
Cash flow from investing activities					
Purchase of software	7	(104)	(480)	-	-
Purchase of other intangibles	7	-	-	-	-
Purchase of plant and equipment	8	(422)	(95)	-	-
Net cash used in investing activities		(526)	(575)	-	-
Cash flow from financing activities					
Dividends received		-	-	6,000	-
Dividends paid	6	(6,000)	-	(6,000)	-
Net cash used in financing activities		(6,000)	-	-	-
Change in cash and cash equivalents		97,115	(27,615)	-	13
Cash and cash equivalents at beginning of year		184,465	212,080	522	509
Cash and cash equivalents at end of year		281,580	184,465	522	522
Cash and cash equivalents comprise:					
- cash at bank		45,893	21,969	522	522
- cash in vaults and in transit		178,390	180,327	-	-
- money market deposits		26,124	1,500	-	-
- customer funds held in trust		111,527	99,021	-	-
- money market loans		(80,354)	(118,352)	-	-
Cash and cash equivalents at end of year		281,580	184,465	522	522

The notes on pages 17 to 42 form part of these financial statements.

First Rate Exchange Services Holdings Limited

Statements of Changes in Equity for the year ended 31 March 2023

Shareholders' funds at 31 March 2023

	Note	Ordinary Shares £'000 (note 18)	Share Premium Reserve £'000 (note 19)	Retained Earnings £'000	Total £'000
Group:					
At 1 April 2022		2	3,998	93,876	97,876
Dividends	6	-	-	(6,000)	(6,000)
Profit for the year being total comprehensive income for the year		-	-	57,389	57,389
At 31 March 2023		2	3,998	145,265	149,265

Company:

At 1 April 2022		2	3,998	95	4,095
Dividends	6	-	-	(6,000)	(6,000)
Profit for the year being total comprehensive income for the year		-	-	6,000	6,000
At 31 March 2023		2	3,998	95	4,095

Shareholders' funds at 31 March 2022

	Note	Ordinary Shares £'000 (note 18)	Share Premium Reserve £'000 (note 19)	Retained Earnings £'000	Total £'000
Group:					
At 1 April 2021		2	3,998	87,763	91,763
Dividends	6	-	-	-	-
Profit for the year being total comprehensive profit for the year		-	-	6,113	6,113
At 31 March 2022		2	3,998	93,876	97,876

Company:

At 1 April 2021		2	3,998	95	4,095
Dividends	6	-	-	-	-
Profit for the year being total comprehensive income for the year		-	-	-	-
At 31 March 2022		2	3,998	95	4,095

Retained earnings represent the cumulative results of the Company less dividend payments.

The notes on pages 17 to 42 form part of these financial statements.

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

1. Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in accordance with UK-adopted International Accounting standards. The financial statements have been prepared under the historical cost accounting rules modified to include the effect of fair value accounting for certain financial instruments as allowed by the Companies Act 2006.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of cost inflation and increased interest rates on the operations and its financial resources, the Group will have sufficient funds to meet its liabilities as they fall due for that period (the 'going concern period').

The Directors are therefore confident that the Group can meet its obligations as they fall due, for a period of at least 12 months from the approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

(b) Adoption of new standards for accounting policies

There are no new or amended standards that have had a material impact on the Group's accounting policies.

(c) Basis of consolidation

The consolidated accounts include the assets, liabilities and results of the Company and its subsidiary companies. As permitted by Section 408(2) of the Companies Act 2006, the parent company's Statement of Comprehensive Income has not been included in these financial statements and the profit for the financial year is disclosed in the Statement of Changes in Equity.

Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of net assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities or assets assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated in full. Unrealised losses are also eliminated in full in the same way as unrealised gains unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with policies adopted by the Group.

(d) Revenue recognition

Revenue from retail and wholesale currency exchange transactions is recognised as the difference between the cost and selling price of currency. Revenue is recognised as the point at which the transaction has been completed and the risk and obligations have been transferred to the customer. The revenue disclosed in the Statement of Comprehensive Income also includes commission and fee income from prepaid cards and payment transfers.

(e) Cost of sales

Cost of sales comprises of a fixed element and variable transactional fees related to sales generation.

(f) Administrative expenses

Administrative expenses are recognised as incurred. These are based upon invoices received by suppliers and/or accruals as appropriate.

(g) Intangibles

Goodwill

Goodwill relates to past business acquisitions. In respect of acquisitions that have occurred since 1 April 2005, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions made prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous UK GAAP.

The carrying amount of goodwill is reviewed for impairment at least annually. When any such impairment exists, the related goodwill is written down immediately through the Statement of Comprehensive Income.

Other Intangibles

- Asset with indefinite useful life relates to the contract in perpetuity, to supply foreign exchange to the Company's strategic partner and JV shareholder, the Post Office Limited. The carrying amount of the asset with indefinite useful life is reviewed for impairment at least annually. When any such impairment exists, the asset is written down immediately through the Statement of Comprehensive Income.
- Contract asset relates to the supply of foreign exchange for other clients. These assets are amortised over the life of the contract.

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

Software

Costs incurred for developing software which are expected to generate economic benefits beyond one year, are recognised as intangible assets.

Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives which is 3 to 5 years.

(h) Plant and equipment

Plant and equipment is included at cost less accumulated depreciation. Depreciation on plant and equipment is calculated using the straight-line method and charged to the Income Statement, to allocate between the cost and residual value over their estimated useful lives, as follows:

	Useful Life	Annual rates	
Leasehold buildings and improvements	Lower of lease term or useful life		Straight-line
Plant and Equipment	5 years	20%	Straight-line
Fixtures and Fittings	3 - 10 years	10% to 33%	Straight-line
Computer Equipment	3 - 5 years	20% to 33%	Straight-line

Plant and equipment are measured at cost (purchase price less trade discounts and rebates) plus those costs directly attributable to bringing the asset into working condition for its intended use.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In the event that an asset's carrying amount is determined to be greater than its recoverable amount, it is written down immediately.

(i) Inventories

Inventories consist of blank plastic cards that are held both centrally and at Post Office branches prior to being loaded with funds and sold as prepaid cards.

Cost is based on the first-in first-out method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition.

(j) Foreign currencies

Functional and presentation currency:

The consolidated financial statements are presented in Sterling, which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation of the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

(k) Taxation

The current income tax which is payable on taxable profits is recognised as an expense in the period in which the profits arise.

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. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss.

(l) Trade payables

These amounts represent liabilities for goods and services provided to the Group for goods and services which were unpaid at the end of the financial year. The amounts are unsecured and are usually settled within 30 days of recognition.

(m) Provisions

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is more likely than not that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(n) Cash and cash equivalents

Cash and cash equivalents comprise:

- Cash at bank and term deposits that are readily convertible to known amounts of cash with insignificant risk of changes in value and original maturities of less than three months, and
- Money market term loans which are provided by the Bank of Ireland group at arm's length market rates and are repayable on demand or within three months
- All notes held in vaults, in transit and in distribution centres
- Customer funds held in trust

All cash and cash equivalents are carried at amortised cost.

(o) Customer funds held in trust

The Group holds customer funds in respect of its prepaid card programme in safeguarded client accounts. Although the Group bears the credit risk with the customer, it would use these safeguarded funds to settle any customer obligations. In accordance with applicable accounting standards, a customer money asset and an associated liability has been recognised by the Group as the Group both controls and will receive future economic benefit from the asset.

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

(p) Leases

The Group has applied IFRS 16 using the modified retrospective approach.

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

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

- fixed payments, including in-substance fixed payments;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'financial liabilities - borrowings' in the statement of financial position.

(q) Pension costs

Contributions to the Group's defined contribution pension schemes are charged to the Statement of Comprehensive Income as incurred.

(r) Segment analysis

The Group's activities consist of the sale and purchase of foreign currency and other travel related commission-based income predominantly in the United Kingdom. Therefore, no segmental analysis is provided.

(s) Dividends

Dividends on ordinary shares are recognised as a liability in the period in which they are approved by the Company's shareholders.

Dividends for the year which are approved after the balance sheet date are dealt with in the subsequent events note.

Dividends received are recorded when approved by the shareholders of the subsidiary undertaking.

(t) Financial instruments

Money market deposits and borrowings are recorded at amortised cost using the effective interest rate method. Other trade receivables are non-interest bearing and are recorded at cost.

Derivative financial instruments are initially recorded in the balance sheet at their fair value with subsequent movements in fair value being recognised in the Statement of Comprehensive Income. All derivative financial instruments are level 2 since their inputs are observable. Therefore, it has not been deemed necessary to include a fair value hierarchy table in the notes of the financial statements.

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

(u) Future developments

Standards and amendments due to be adopted for periods beginning on or after 1 April 2021:

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(v) Management judgement and critical estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the opinion of the Directors and management, the accounting treatment of customer cash held in trust as outlined in the accounting policy 1(o) is a critical judgement. Management makes assessments of non-financial assets throughout the year and any impairment is recognised in the period in which it is identified. There are no expected credit losses as the Group carries out a credit assessment of each counterparty prior to entering into a trading relationship and management operate a rigorous credit control policy with short credit positions with verified counterparties.

In the opinion of the Directors, there are no accounting estimates or judgements other than those noted above critical to the results and financial position with regard to materiality, significant judgements and estimates.

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

2. Profit before tax

	2023 £'000	Group 2022 £'000
Profit before tax	70,971	7,514
This is arrived at after charging:		
<i>Administrative expenses:</i>		
Salary and staff costs (note 21a)	21,948	15,463
Supply and service costs	14,609	9,132
Other operating costs	14,812	5,800
Amortisation of intangible assets	2,049	3,214
Impairment of intangible assets	1,907	428
Loss on disposal of intangible assets	-	169
Depreciation of plant and equipment	680	749
Auditors' remuneration - non audit services	-	-
Total administrative expenses	56,005	34,955
Auditors' remuneration – for the audit of these financial statements	15	15
Auditors' remuneration – for the audit of subsidiary financial statements	155	110
Total auditors' remuneration	170	125

Internal audit fees are borne by Bank of Ireland.

3. Finance and Other Income

	2023 £'000	Group 2022 £'000
Finance Income	1,304	194
	1,304	194

4. Finance Expense

	2023 £'000	Group 2022 £'000
Finance Expense	4,574	1,464
	4,574	1,464

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

5. Taxation

	Group	
	2023 £'000	2022 £'000
Analysis of tax charge in year		
Current Tax:		
- Corporation Tax at 19% (2022: 19%)	13,652	1,492
- Prior year adjustment	(7)	(16)
	<u>13,645</u>	<u>1,476</u>
Deferred tax: (note 17)		
- Origination and reversal of timing differences	(63)	16
- Prior year adjustment	-	(91)
	<u>-</u>	<u>(75)</u>
Total tax charge	13,582	1,401
Reconciliation of tax charge		
Profit on ordinary activities before taxation	70,971	7,514
Corporation tax at 19% (2022: 19%)	13,484	1,427
Effects of:		
Expenses not deductible for tax purposes	239	70
Prior year adjustment	(7)	(16)
Impact of corporation tax rate change	-	(91)
Other	(134)	11
	<u>(134)</u>	<u>11</u>
Total tax charge	13,582	1,401

On 3 March 2021, the Chancellor of the Exchequer announced an increase in the corporation tax (CT) rate from 19% to 25% with effect from 1 April 2023.

The rates were substantively enacted on 24 May 2021 and received Royal Assent on 10 June 2021 for IFRS and UK GAAP purposes.

Deferred tax assets have been measured using this rate, being the rate at which they are expected to unwind.

6. Dividends

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Ordinary shares:				
Interim dividend paid £3,000 per share (2022: £Nil)	6,000	-	6,000	-

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

7. Intangibles Group

	Goodwill £'000	Software £'000	Other Intangibles £'000	Total £'000
Cost				
At 1 April 2022	4,639	17,910	2,091	24,640
Additions during the year	-	104	-	104
Disposals during the year	-	-	-	-
At 31 March 2023	4,639	18,014	2,091	24,745
Amortisation				
At 1 April 2022	-	11,992	34	12,026
Charge for the year	-	2,024	25	2,049
Disposals during the year	-	-	-	-
At 31 March 2023	-	14,016	59	14,075
Impairment				
At 1 April 2022	2,732	-	291	3,023
Charge for the year	1,907	-	-	1,907
At 31 March 2023	4,639	-	291	4,930
Net Book Value				
At 31 March 2023	-	3,998	1,741	5,739
At 31 March 2022	1,907	5,918	1,766	9,591

The impairment charge is recognised in the following line items in the statement of comprehensive income:

	2023 £'000	2022 £'000
Administrative Expenses	1,907	428

The goodwill held in the Company's balance sheet was paid for the acquisition of a UK based customer portfolio. These customer contracts have all now been re-negotiated or exited, so the balance of goodwill has been fully impaired to leave a netbook value of zero as the original contracts have been superseded.

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

8. Property, Plant & Equipment Group

	Leasehold Buildings & Improvements £'000	Plant & Eqpt £'000	Fixtures & Fittings £'000	Computer Eqpt £'000	Total £'000
Cost					
At 1 April 2022	3,836	733	181	2,015	6,765
Additions during the year	-	139	15	268	422
Disposals during the year	-	(308)	-	(30)	(338)
At 31 March 2023	3,836	564	196	2,253	6,849
Depreciation					
At 1 April 2022	2,704	729	145	1,883	5,461
Charge for the year	499	14	23	144	680
Depreciation on disposals	-	(308)	-	(25)	(333)
At 31 March 2023	3,203	435	168	2,002	5,808
Net Book Value					
At 31 March 2023	633	129	28	251	1,041
At 31 March 2022	1,132	4	36	132	1,304

At 31 March 2023, property, plant and equipment includes right-of-use assets as follows (note 23):

	Leasehold Buildings £'000	Plant &Eqpt £'000	Fixtures & Fittings £'000	Computer Eqpt £'000	Total £'000
Right of use asset					
At 31 March 2023	565	-	-	-	565
At 31 March 2022	989	-	-	-	989

At 31 March 2023, tangible fixed assets with a cost of £3,916k (2022: £3,938k) were fully depreciated and had a NBV of £nil.

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

9. Investment in subsidiary

	Company	
	2023 £'000	2022 £'000
At 1 April	6,240	6,240
Additions during the year	-	-
At 31 March	6,240	6,240

On 24 May 2002 the Company acquired 100% of the share capital of First Rate Travel Services Limited (a company incorporated in the United Kingdom) which was subsequently re-named First Rate Exchange Services Limited on 23 February 2006. The Group financial statements consolidate the financial statements of the Company and the subsidiary.

10. Inventories

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Card stock	770	525	-	-

11. Trade and other receivables

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade receivables	149,408	149,731	-	-
Prepayments and accrued income	1,302	1,091	-	-
	150,710	150,822	-	-

12. Loans and cash advances to banks

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Money market deposits	26,124	1,500	-	-

Money market deposits are placed with the Bank of Ireland group at arm's length market rates. These are on a short-term basis at fixed rates.

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

13. Trade and other payables

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade payables	167,711	139,306	-	-
Accrued expenses	11,204	8,326	-	-
Amounts due to subsidiary undertaking	-	-	2,667	2,667
	178,915	147,632	2,667	2,667

14. Financial liabilities – borrowings

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Non-current liabilities				
Lease liabilities	157	577	-	-
	157	577	-	-
Current liabilities				
Money market loans	80,354	118,352	-	-
Lease liabilities	420	424	-	-
	80,774	118,776	-	-

Money market loans are provided by the Bank of Ireland group at arm's length market rates and are repayable on demand or within three months. These are on a short-term basis at fixed rates.

15. Derivative financial instruments

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Assets				
Foreign exchange swaps	246	3	-	-
Liabilities				
Foreign exchange swaps	76	771	-	-

Derivative financial instruments are used by the Group as a mechanism to manage the Group's foreign exchange balances and are provided by Bank of Ireland group. These transactions are taken out on a back to back basis and are settled net.

Derivative fair values are calculated by reference to market rates at the balance sheet date.

The gross cash flows as at the balance sheet date are a liability of £75.2m and an asset of £75.3m, and these amounts represent the contractual undiscounted cash flows.

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

16. Current tax liabilities

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current tax liabilities	152	772	-	-

17. Deferred tax assets

	Group		Company	
	2023 £'000	2022 £'000	2023 £000	2022 £000
At 1 April	363	288	-	-
Credit in the Statement of Comprehensive Income (note 5)	63	75	-	-
At 31 March	426	363	-	-

The closing deferred tax balance comprises deferred tax in respect of:

	Group		Company	
	2023 £'000	2022 £'000	2023 £000	2022 £000
Depreciation in excess of capital allowances	238	251	-	-
Short term timing differences	188	112	-	-
At 31 March	426	363	-	-

18. Ordinary shares

	2023 Number of shares '000	2023 £'000	2022 Number of shares '000	2022 £'000
Authorised 2,000 Ordinary shares of £1 each	2	2	2	2
Allotted, issued and fully paid up 2,000 Ordinary shares of £1 each	2	2	2	2

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

19. Share premium

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Share premium opening balance brought forward at 1 April	3,998	3,998	3,998	3,998
Share premium closing balance carried forward at 31 March	3,998	3,998	3,998	3,998

Share Premium represents the difference between the consideration paid and the nominal value of shares.

20. Cash flow from operating activities

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Reconciliation of profit after tax to net cash Inflow from operating activities				
Profit for the year	57,389	6,113	-	-
Taxation	13,582	1,401	-	-
Amortisation and impairment of intangible assets	3,956	3,642	-	-
Depreciation of plant and equipment	680	749	-	-
Loss on disposal of software	-	169	-	-
Loss on disposal of plant and equipment	5	-	-	-
Finance income	(1,304)	(194)	-	-
Finance expense	4,574	1,464	-	-
Increase in inventory	(245)	(24)	-	-
Decrease / (Increase) in receivables	112	(114,312)	-	-
(Increase) / Decrease in derivative financial assets	(243)	605	-	-
Increase in payables	31,283	56,784	-	-
Decrease in lease liabilities	(424)	(419)	-	-
(Decrease) / Increase in derivative financial liabilities	(695)	754	-	-
Cash generated from continuing operations	108,670	(43,268)	-	-

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

21a. Employee benefit expense

	2023 £'000	Group 2022 £'000
Staff costs consist of:		
Wages and salaries	17,474	11,920
Social security costs	1,824	1,485
Other pension costs	958	859
Other employee costs	1,692	1,199
	21,948	15,463

21b. Average number of people employed

	2023 Number	Group 2022 Number
The average monthly number of employees during the year was as follows:		
Full Time	212	181
Part Time	12	12
	224	193

21c. Key management compensation

Compensation for Directors and Key Executives of the Company who have authority for planning, directing and controlling the Company.

	2023 £'000	Group 2022 £'000
Directors:		
Salaries and other short-term benefits	1,349	822
Pension	182	145
Other	6	6
	1,537	973
Other Key Executives:		
Salaries and other short-term benefits	1,418	831
Pension	41	62
Other	9	10
	1,468	903
Total	3,005	1,876

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

	2023 £'000	2022 £'000
Highest Paid Director:		
Salaries and other short-term benefits	562	335
Pension	142	108
Other	4	3
	708	446

Emoluments are paid by the Group in respect of three Directors for their services rendered to the Group. The figures disclosed above exclude employers National Insurance contributions. Related parties pay emoluments in respect of the remaining Directors, and their services to the Company are considered incidental to the roles they perform for these related parties.

22. Pensions

	Group	
	2023 £'000	2022 £'000
Defined contribution scheme charge for the year	958	859

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund during the financial year. This includes retirement benefits accruing for qualifying services under this defined contribution scheme for one director.

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

23. Leases

Right-of-use assets

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 8):

Group	Leasehold Buildings & Improvements £'000	Plant & Eqpt £'000	Fixtures & Fittings £'000	Computer Eqpt £'000	Total £'000
Balance at 1 April 2022	989	-	-	-	989
Additions to right-of-use assets	-	-	-	-	-
Depreciation charge for the year	(424)	-	-	-	(424)
At 31 March 2023	565	-	-	-	565

The land and building leases are long term commitments for the premises for the business.

Amounts recognised in profit or loss:

The following amounts have been recognised in profit or loss for which the Group is a lessee:

Leases under IFRS 16	2023 £'000	2022 £'000
Interest expense on lease liabilities	11	16

Amounts recognised in statement of cash flows	2023 £'000	2022 £'000
Total cash outflow for leases	435	435

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

24. Customer Funds held in Trust

On 4 March 2017, First Rate Exchange Services Limited became the bin sponsor for a multi-currency prepaid card product, regulated by the FCA. Customer funds were transferred from Clydesdale Bank and are held in designated trust accounts with Bank of Ireland to secure liabilities under a Prepaid Card Programme and can only be used to cover liabilities under this scheme.

In accordance with accounting policies, a customer money asset and an associated liability has been recognised by the Group.

	2023 £'000	2022 £'000
Customer funds held in trust	111,527	99,021

25. Cash in Vaults and In Transit

	2022 £'000	2022 £'000
Cash in Vaults and In Transit	178,390	180,327

26. Contingencies

The Group did not have any contingent liabilities or assets at 31 March 2023 (31 March 2022: Nil).

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

27. Related party transactions

The Group is a joint venture between Post Office Limited, a company incorporated in the United Kingdom, and Bank of Ireland (UK) plc, whose ultimate parent company is Bank of Ireland Group plc, a company incorporated in the Republic of Ireland.

All of the Group's cost of sales originated with these related parties are on arm's length terms and the majority of the Group's turnover originated through these related parties acting as agents. Cash at bank is held with the Bank of Ireland group. Details of loans and advances to and from the Bank of Ireland group are given in notes 12 and 14. Details of customer funds held in trust within the Bank of Ireland group are given in note 24. There are related party costs within administrative expenses.

During the year, the Group incurred costs from Bank of Ireland for secondees, rent and other overheads of £1.0m (2022: £0.8m).

During the year, the Group earned revenue from Post Office Limited for the provision of foreign exchange services of £108m (2022: £45m) and incurred expenses of £38m (2022: £26m).

During the year, the Group entered into financial instrument and derivative trades with the Bank of Ireland to manage the Company's liquidity positions and also provided wholesale currency services to the Bank of Ireland, generating a net loss of £0.3m (2022: £0.1m).

Year-end balances are as follows:

	Group		Group	
	2023	2023	2022	2022
	£'000	£'000	£'000	£'000
Receivables from Related Parties				
Post Office Limited				
Trade receivables	5,908	5,908	5,839	5,839
Bank of Ireland				
Trade receivables	21,712		1,179	
Money market deposits	26,124		1,500	
Derivative financial asset	246		3	
		48,082		2,682
		53,990		8,521
Payables to Related Parties				
Post Office Limited				
Trade payables		2,662		2,320
Group tax relief		-		748
Bank of Ireland				
Trade payables	22,464		612	
Money market loans	80,354		118,352	
Derivative financial liabilities	76		771	
		102,894		119,735
		105,556		122,803

Trade receivables and trade payables are non-interest bearing.

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

28. Ultimate Parent Company and Controlling Company

First Rate Exchange Services Holdings Limited is the immediate parent undertaking of First Rate Exchange Services Limited (its only subsidiary); together these are referred to as the Group.

First Rate Exchange Services Holdings Limited is a joint venture between Post Office Limited and Bank of Ireland (UK) plc whose parent company is Bank of Ireland Group plc. The results of the Company are included in the financial statements of the shareholders under the equity accounting method.

Copies of the financial statements of Post Office Limited are available from 100 Wood Street, London EC2V 7ER.

Copies of the financial statements of Bank of Ireland Group plc are available from Bank of Ireland Head Office, 40 Mespil Road, Dublin 4, Republic of Ireland.

29. Post balance sheet events

There have been no material post balance sheet events.

30. Risk Management

(a) Summary

The Group's multi-currency operations expose it to financial risks that include credit risks, interest rate and foreign currency exchange rate fluctuation risks. Bank of Ireland, the Group's 50% shareholder, assists management with these risks by enforcing strict credit control, funding and trading limits and by deploying its Internal Audit function.

The Group achieves its risk management goals by keeping risk management at the centre of the executive agenda and by building a culture where risk management is part of everyday business decision-making.

Individual responsibility and accountability, instilled through training, are designed to deliver a disciplined, conservative and constructive culture of risk management and control. The accounting treatment of financial assets and liabilities are explained in note 1 to the accounts.

The Group selects its business partners carefully, having regard to their stature, reputation and stability and the nature of the services provided. The relationships with the Group's business partners are kept under constant review.

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

(b) Market Risk

Market risk is the risk that the Group's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of prices such as interest rates, credit spreads and foreign exchange rates. Market risk arises from trading activities.

(i) Foreign Exchange Risk

The Group's wholesale operation deals in the UK and Ireland, Euro and non-Euro European countries, Middle East, African and Indian sub-continent, Far East, Australia and America. The Group is exposed to foreign exchange risks primarily with respect to US Dollars and Euros. The risk is controlled by imposing intra-day and overnight currency exposure limits for each trading currency and by hedging by way of foreign currency borrowings and foreign exchange swaps with Bank of Ireland.

Due to the manner in which exposure is hedged and a significant proportion of the Group's FX trade being settled within a 5 day period there is no significant foreign exchange risk during the year or at the balance sheet date. Therefore, no disclosure is deemed necessary as the numbers are immaterial.

(ii) Interest Rate Risk

The Group is exposed to interest rate movements primarily in Euros and US Dollars. This risk is controlled by way of an agreed funding limit and set margins applied to the base rate for the relevant currencies, with Bank of Ireland. We do not consider it practical to quantify interest rate risk as any changes in interest rates would not have an immediate effect, and net interest cost is not a material expense for the Group.

(c) Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. This includes legal risk, financial crime (including AML) and IT risk.

The assessment of operational risk is based upon the identification of threats to the business processes; the impact of those threats and the subsequent evaluation of controls that are in place to mitigate and manage those risks. There were no major issues reported this year.

(d) Political and Economic Risk

The risk of terrorist attacks may result in a tourism and customer spending decline in overseas areas.

There has been significant media coverage on the potential negative financial outlook for the UK and general instability of global markets. The Group monitors political and economic developments in order to respond adequately and in a timely manner.

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

(e) Credit Risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales commence. Strict credit limits are imposed on all Wholesale deal parties and limit utilisation is closely monitored on a daily basis. PODOC (payment on delivery of cash) deals are enacted with clients who have little or no available credit limit.

The following table presents the maximum exposure at 31 March 2023 and 2022 to credit risk of balance sheet financial instruments.

	Group	
	2023 £'000	2022 £'000
Customer funds held in trust	111,527	99,021
Trade receivables	149,408	149,731
Loans and cash advances to banks	26,124	1,500
Cash at bank	45,893	21,969
Derivative financial asset	246	3
Total maximum exposure at 31 March	333,198	272,224

Whilst the Group's maximum exposure to credit risk is the carrying value of its assets, in most cases the likely exposure is far less due to actions taken to mitigate the Group's exposure, described below for each class of financial instrument:

Asset	Nature of credit risk mitigation
Trade receivables	Credit control, funding and trading limits are strictly enforced by Bank of Ireland
Loans and cash advances to banks	Due to the nature of the counterparties, collateral is generally not sought on these balances which are considered to be low risk
Cash at bank	Due to the nature of the counterparties, collateral is generally not sought on these balances which are considered to be low risk
Derivative financial asset	Foreign exchange swaps are placed exclusively with Bank of Ireland for US Dollars, Euros and British pound, on an average period of 5 days.

All of the financial assets in the balance sheet at the year-end were neither past due nor impaired. The loans and advances are all short term money market transactions with the Bank of Ireland and as such are considered to be high quality loans with low credit risk attached to them.

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

(f) Liquidity Risk

The Group has no long-term liabilities. The settlement of wholesale foreign currency deals is affected by the use of short-term market loans and deposits.

The table below provides detail on the expected settlement of all liabilities.

Group	Not more than one month £'000	Over one month but not more than six months £'000	Six months to one year £'000	One year to five years £'000	Total £'000
Liabilities					
At 31 March 2023					
Trade payables	167,711	-	-	-	167,711
Money market loans	80,354	-	-	-	80,354
Lease Liabilities	-	-	420	157	577
Financial derivative liability	76	-	-	-	76
Customer funds held in trust	111,527	-	-	-	111,527
Total liabilities	359,668	-	420	157	360,245
At 31 March 2022					
Trade payables	139,306	-	-	-	139,306
Money market loans	118,352	-	-	-	118,352
Lease Liabilities	-	-	424	577	1,001
Financial derivative liability	771	-	-	-	771
Customer funds held in trust	99,021	-	-	-	99,021
Total liabilities	357,450	-	424	577	358,451

(g) Fair Value

Fair values of financial assets and liabilities are approximately equal to their carrying amount.

First Rate Exchange Services Holdings Limited

Notes forming part of the Financial Statements for the year ended 31 March 2023

(h) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities.

Group	Note	Mandatorily at FVTPL £'000	Financial Assets at Amortised Cost £'000	Other Financial Liabilities £'000	Total £'000
At 31 March 2023					
Financial assets at fair value					
Derivative financial assets	15	246	-	-	246
Financial assets not measured at fair value					
Trade receivables	11	-	149,408	-	149,408
Loans and cash advances to banks	12	-	26,124	-	26,124
Customer funds held in trust	24	-	111,527	-	111,527
Cash in vaults and in transit	25	-	178,390	-	178,390
Cash at bank and in hand		-	45,893	-	45,893
		-	511,342	-	511,342
Financial liabilities at fair value					
Derivative financial liabilities	15	76	-	-	76
		76	-	-	76
Financial liabilities not measured at fair value					
Trade payables	13	-	-	167,711	167,711
Financial Liabilities - borrowings	14	-	-	80,354	80,354
Customer funds held in trust	24	-	-	111,527	111,527
		-	-	359,592	359,592
Company					
At 31 March 2023					
Financial assets not measured at fair value					
Cash at bank and in hand		-	522	-	522
		-	522	-	522

First Rate Exchange Services Holdings Limited

Notes forming part of the financial statements for the year ended 31 March 2023

Group			Financial Assets at Amortised Cost	Other Financial Liabilities	Total
	Note	Mandatorily at FVTPL £'000	£'000	£'000	£'000
At 31 March 2022					
Financial assets at fair value					
Derivative financial assets	15	3	-	-	3
		3	-	-	3
Financial assets not measured at fair value					
Trade receivables	11	-	149,731	-	149,731
Loans and cash advances to banks	12	-	1,500	-	1,500
Customer funds held in trust	24	-	99,021	-	99,021
Cash in vaults and in transit	25	-	180,327	-	180,327
Cash at bank and in hand		-	21,969	-	21,969
		-	452,548	-	452,548
Financial liabilities at fair value					
Derivative financial liabilities	15	771	-	-	771
		771			771
Financial liabilities not measured at fair value					
Trade payables	13	-	-	139,306	139,306
Financial Liabilities - borrowings	14	-	-	118,352	118,352
Customer funds held in trust	24	-	-	99,021	99,021
		-	-	356,679	356,679
Company					
	Note	Mandatorily at FVTPL £'000	Financial Assets at Amortised Cost £'000	Other Financial Liabilities £'000	Total £'000
At 31 March 2022					
Financial assets not measured at fair value					
Cash at bank and in hand		-	522	-	522
		-	522	-	522

- (i) Capital Management
Details of the Group's capital management policy are set out in the Strategic Report on page 5.