World First UK Limited
Financial Statements
Year ended 31 December 2022

Company Registration No.05022388

General information

Directors

Mr Jonathan Roger Aitken Quin
Mr Leiming Chen
Mrs Ying Zhao
Mrs Wenyi Shi
Ms Hoi Yan Irene Lau

Registered office

Millbank Tower
21-24 Millbank
London
SW1P 4QP

Auditor

Ernst & Young LLP
25 Churchill Place
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Bankers

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World First UK Limited

Year ended 31 December 2022

Strategic report

Mission

The mission of World First is to create a one stop shop for digital payments and financial servces making it easy to do business anywhere. We will do this by providing, efficient foreign exchange, collection and international payment services as well as additional value added financial services helping to make international trade faster, safer, cheaper and easier.

Core to the strategy is investment in our technology and platform to create the number one cross border digital payments wallet for SMEs in our chosen markets providing the best functionality, experience and service.

Growing our business

World First is part of Ant Group Co. Ltd. ("Ant Group") who operate across the international trade ecosystem and are positioned as a global leader in eCommerce and business payments. The products and services of World First and Ant are highly complementary, and we believe through combined geographical footprints, resources and products we will transform the future of international trade. We have continued through 2022 to realise operational synergies and leverage combined resources to increase the value proposition to our customers and provide increasing opportunities for our employees.

Our continued focus as an enabler of the global eCommerce market has meant that we have maintained and grown our customer and volume base in the year, positioning us strongly moving into 2023. Additionally, we have continued to expand and deepen our relationships with market places increasing the existing and potential customer base and the product and service offering to them.

The Board in 2022 continued to pursue five main themes for the Group. These were:

- Improving our payment capabilities in key corridors including payments into China
- Significant growth in our customer base and accompanying business volumes and revenues
- Investment in the World First platform to drive easy to use, quick, low cost and effective processing
- Investment in our people
- Integration with Ant Group to leverage customer, product and cost synergies

We have invested in developing our core technology, offering new features, providing greater flexibility and improving efficiency for our customers. World Account, first launched in 2017, is our cornerstone product, providing a highly flexible, multi-currency platform for international trade. We have expanded the use of World Account and added to its capabilities, including an expanded online user experience. This will continue to be the foundation of our future strategy as we add additional payments and other related value added services to it.

Business performance

We remain committed to developing our core foreign exchange spot and forward services for our customers, together with related international payments, collections and cash management services.

We continued to invest in product development, people, systems and processes throughout 2022 to improve the quality and scalability of our platforms and increase our customer value proposition. We continued to maintain our highly competitive customer pricing following significant reductions to client rates in August 2019. Our combined product and pricing proposition resulted in Turnover (volume of FX notional) growth of + 44% (+ 41% in 2021) led by growth in the eCommerce business line and supported by growth in our Corporate business line. Momentum in Turnover growth has continued through the course of the year and has been matched by corresponding growth rates in transaction numbers demonstrating the scalability of our platform. We expect the investment in technology and product will support continued strong growth across the business over the medium term.

Our continued volume growth and competitive customer pricing translated directly through to Revenue growth of + 65% in 2022 (+ 42% in 2021).

We moved into profitability in 2022 with an operating profit of £25.2m (compared to a loss of £7.4m in the prior financial period). Operating profitability improved by + £32.6m driven by:

- + £30.4m increase in revenues (volume and margin driven);
- + £18.8m increase in income from related parties due to new service agreements;
- - £23.7m increase in operating expenses for services from related parties, driven by charges linked to profitability
- + £6.6m decrease in other operating expenses due to tight cost control

Our immediate parent, Alipay (Hong Kong) Holding Limited, injected £14m of capital in the period, with our performance aligned closely to our long-term growth strategy. Our Parent is committed to the provision of ongoing support.

	Year ended 31 December 2022	Year ended 31 December 2021	% Change
Continuing operations	**£'000**	**£'000**	
Income	103,578	53,842	+92%
Operating expenses	(78,416)	(61,245)	+28%
Operating profit/(loss) before tax and finance costs	**25,162**	**(7,403)**	**+440%**

Directors disclosures under s172(1)

As noted above, significant investment has already been made and is planned to continue in further developing our products and customer experience, underpinned by IT development activities and geographic expansion. This will continue to drive significant business growth and, whilst there has been a shift in the location mix of employees from UK to China during 2022, it will provide significant opportunities for all employees. In line with Ant Group values:

- we take very seriously our responsibilities to employees for engendering a working environment that is fair and inclusive and takes account of the specific needs of individual members of staff
- we treat our suppliers fairly and aim to be transparent in our dealings with all suppliers
- we take very seriously our role in society through our engagement in charitable activities and in ensuring that our environmental impact is minimised
- we aim at all times to adopt the highest ethical standards in relation to our dealings with customers, partners, suppliers and other external parties with whom we work
- we have a policy of customer first as one of our core six values listed below

Likely consequences of any decision in the long term

We carefully consider the potential long-term consequences of any key decision on all of our stakeholders.

The strategic business plan of World First Group is fully aligned to the strategic plans of Ant Group and our performance is monitored on a daily basis against this plan.

As discussed further below, we have a strong focus on shared values which are integral to us growing the business and creating the world's platform for international trade, making it easy to do business anywhere.

The interests of the Group's employees

World First's success is dependent on the skills and engagement of all our employees. Our relationship with Ant Group has helped us to deepen our skills and capabilities and help engage our People in learning new approaches to growing the business.

We continued to enhance learning and development opportunities and the acceleration of digital learning platforms, providing employees with continued access to learning, during 2022.

In Ant Group we believe in a strong sense of shared values enables us to maintain a common company culture and community, no matter how large we grow. Our values are fundamental to the way we operate and how we recruit, evaluate and compensate our people.

Our six values are:

- Customers First, Employees Second, Shareholders Third - This reflects our choice of what's important in the order of priority. Only by creating sustained customer value can employees grow and shareholders achieve long-term benefit.
- Trust Makes Everything Simple - Trust is both the most precious and fragile thing in the world. The story of the Ant Group is a story of building trust. Complexity begets complexity, and simplicity breeds simplicity. With trust, there is no second-guessing or suspicion, and the result is simplicity and efficiency.
- Change Is The Only Constant - Whether you change or not, the world is changing, our customers are changing and the competitive landscape is changing. We must face change with respect and humility. Otherwise, we will fail to see it, fail to respect it, fail to understand it and fail to catch up with it. Whether you change yourself or create change, both are the best kinds of change. Embracing change is the most unique part of our DNA.
- Today's Best performance Is Tomorrow's Baseline – In the most challenging times, this spirit has helped us overcome difficulties and survive. In bad times, we know how to motivate ourselves; in good times, we dare to set "dream targets" (stretch goals). Face the future, or we regress. We must shoot for the moon, challenge ourselves, motivate ourselves and exceed ourselves.
- If Not Now, When? If Not Me, Who? - It is not a question, but a call of duty. This symbolizes the sense of ownership that each Ant Group employee must possess.
- Live Seriously, Work Happily - Work is now, life is forever. What you do in your job is up to you, but you have responsibility to the ones who love you. Enjoy work as you enjoy life; treat life seriously as you do work. If you live with purpose, you will find reward. You make Ant Group different and make your loved ones proud. Everyone has their own view of work and life; we respect each person's choice. Whether you live by this value depends on how you live your life.

We embrace diversity and inclusion including both the similarities and differences in our workforce, we believe that every single person has a part to play in creating a welcoming, inclusive environment. We are fully committed to avoiding discrimination on any grounds. Diversity and inclusion is addressed in the Directors' Report on page 12.

We provide a variety of engagement channels for our employees as outlined in the Directors' Report on page 12.

We put the safety and wellbeing of all our employees and customers at the centre of what we do. A Hybrid Working Framework is in place across a number of locations to ensure the working environment for employees is in line with best practice in the current environment.

Business relationships with suppliers, customers and others

World First is fully committed to dealing with suppliers in a fair and ethical fashion. In particular, we adhere to the BEIS code covering payment practices and performance reporting.

As discussed above one of our core values is customer first, employee second and shareholder third. We strive to put the customer first in everything we do and fostering strong customer relationships, providing efficiencies for our customers and developing new service offerings are paramount to this.

We understand the importance of regulators in our industry, particularly in the current climate. We have engaged with, supported and provided timely information to all of our regulators, including the Financial Conduct Authority (FCA), during the year.

Community and environment

World First takes its environmental responsibilities very seriously. Our vision is to empower our people to take positive action on the environment and to replicate green habits at home and in the office. Our mission is to lower our carbon footprint as a company and as individuals. To do this we have a three-pronged approach: (i) inform colleagues of our shared responsibility (ii) make green behaviour easy and repeatable (iii) celebrate the changes that we have accomplished and reward WorldFirsters for making a difference. We encourage electronic communication rather than face-to-face meetings that involve air travel where possible.

Reputation and business conduct

The reputation of the Group with our staff, our customers, our business partners, banks and regulators plus the wider public and media is recognised as paramount to the success of World First and as such is constantly monitored and actively maintained. This includes a structured induction programme for all staff explaining clearly what we do, how we operate and the emphasis that must be placed on controls and compliance. Compulsory Anti-Money Laundering (AML) and Know Your Customer (KYC) training is regularly refreshed. Risk awareness and culture training is also available globally to staff. A whistle-blower process is in place.

Customer feedback and complaints are captured by Compliance and reviewed constantly with reporting each month to management. The management of the Group is frequently in dialogue with regulators, industry working parties and media to ensure our brand and reputation is not at risk. Our principal bankers conduct regular reviews of our business and operating procedures, including client on-boarding procedures and suspicious transaction monitoring.

Principal decisions illustrating s172

Integration into Ant Group processes

During the year we have continued to invest in our technology platform and product and benefited from synergies with Ant Group.

The Group has demonstrated the increasing scalability of the current operating cost base to support volume growth, This has been achieved through leveraging of the existing platform combined with the realisation of synergies with Ant Group.

The Group will continue to leverage the revenue and cost synergies that exist with Ant Group and Alibaba Group Holdings for the benefit of our customers, suppliers and other stakeholders.

Principal risks and uncertainties

Our business has grown rapidly since its inception in 2004 and with an office operating in six countries around the world servicing more than 173,000 customers. The Board constantly monitors external and internal risks to the business including threats from competitors, changes in market conditions or regulatory requirements. The Leadership team is responsible for the day-to-day operations of all our business in respect of the laws, standards and risk constraints determined by the Board.

The key risks and our responses to these are described in the Directors' Report. The key financial risks are set out in Note 16.

COVID

COVID is not considered a key risk to the Group.

The Group's positioning as a provider of services to the eCommerce and Corporate segments means that any adverse changing impacts of customer behaviour through COVID have been minimal and this is expected to continue. The Group provides services to eCommerce sellers and this segment has seen significant growth in the past two years following the increasing trend towards digitalisation.

The Group continued to operate through the course of the year without material financial or operational impact to the ongoing business model as a result of COVID. A Hybrid Working Framework is in place across a number of locations to ensure the working environment for employees is in line with best practice. Management assess that it has sufficient resources available to it to mitigate against the impact of any adverse changes for the foreseeable future.

Geopolitical environment

The geopolitical situation in Eastern Europe with the war between Russia and Ukraine continues to evolve. The events are not expected to have any material impact on the Group as it has no direct or indirect exposures.

We closely monitor changes to the geopolitical environment to ensure there is no adverse impact on our operations.

Future opportunities

As a key part of the Ant Group, the growth opportunities for the joint businesses are very exciting. There are enormous opportunities to expand our service offerings, grow our customer base and enter new geographies and markets, as international trade continues to grow. The Group and the Company continue to adopt the going concern basis in preparing the financial statements.

We continue to integrate our products and offerings into the Ant Group ecosystem to accelerate the execution of our vision. World First and the World Account are key to the overall strategy of the new Group to expand globally.

World First achieved a huge amount in 2022, continuing on a strong growth trajectory and further aligning the focus of the business to key future opportunities and believe that very bright and exciting opportunities lie ahead as we drive to achieving our mid-long term objectives.

Wenyi Shi
Director
12th May 2023

Directors' report

The Directors are pleased to present their report to the members together with the audited company and consolidated financial statements of World First UK Limited (the "Company") and its subsidiaries (together the "Group").

The principal activity of the Group is that of a specialist foreign exchange and payments provider to corporate clients. The Group provides spot and forward foreign exchange transactions together with related payment and cash management services.

Directors of the Company

- Mr Jonathan Roger Aitken Quin
- Mr Leiming Chen
- Mrs Ying Zhao
- Mrs Wenyi Shi (appointed 24th June 2022)
- Ms Hoi Yan Irene Lau (appointed 21st April 2023)
- Mrs Rosheen Ann Fischer (appointed 14th October 2022, resigned 26th January 2023)
- Mr Jeffrey Thomas Alan Parker (resigned 6th September 2022)
- Mr Hang Jia (resigned 17th March 2022)

Company secretary

The Company does not have a secretary.

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have to prepare the Group financial statements in accordance with UK Adopted International Accounting Standards and the parent Company financial statements in accordance with United Kingdom Accounting Standards 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 Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- in respect of the Group financial statements, state whether UK Adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements of the UK Adopted International Accounting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- in respect of the parent company financial statements, state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and/or the Group will continue in business.

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

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' report are listed on page 8. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Regulated operations of the Group

World First UK Limited is authorised in the UK by the Financial Conduct Authority as an electronic money institution under the electronic money regulations 2011.

World First Pty Limited is regulated in Australia by the Australian Securities and Investments Commission (ASIC). It is also a designated remittance provider registered with the Australian Transaction Reports and Analysis Centre (AUSTRAC).

World First Asia Limited is registered in Hong Kong as a limited company and is regulated as a Money Services Operator by the Hong Kong Customs and Excise Department.

World First Asia Pte Ltd is registered in Singapore as a limited company and is regulated as a remittance business by the Monetary Authority of Singapore (MAS).

World First Netherlands BV provides foreign exchange services. The company holds an e-money licence with De Nederlandsche Bank, the central bank in the Netherlands.

Financial risk management

The Board and Management regularly monitor key risks through the Risk Management Committee which tracks indicators for each category of risk to which the Group is exposed. These include: operational & compliance risk, financial risk (including credit, market & liquidity), strategic risk (including business & reputational) and information risk. Under these high level categories the Group's principal risks for 2022 are viewed as follows: markets and competition leading to spread compression, external fraud, cyber risk, regulatory risk, a large systemic event leading to liquidity constraints in the market and litigation.

The Group's approach to managing risk is set out in note 16 to the financial statements.

Donations

The Group made no cash or non-cash donations to charity during 2022.

Employee involvement

The Company operates a framework for providing employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the Company, has been continued through a variety of channels including regular "all hands" updates, meetings between regional management and employees and a weekly newsletter.

Diversity & Inclusion: We are all different.... That is our strength

We genuinely believe in creating a culture where inclusivity is the norm and are passionate about creating a diverse and inclusive workplace where our people feel that they belong and can reach their full potential. We believe our differences are our strengths and are committed to recruiting, developing and retaining a team from a variety of backgrounds, perspectives, and skills.

We are fully committed to avoiding discrimination on the grounds of: race, age, disability, sex, gender reassignment, sexual orientation, pregnancy and maternity, religion or belief and marriage and civil partnerships by:

- treating all individuals fairly and respectfully
- promoting equal opportunities for all and challenging any instances of inequality and bias
- taking a zero-tolerance attitude to discrimination, bullying, harassment or victimisation of any kind
- ensuring that everyone has the right to a voice, an opinion or viewpoint.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Directors' liabilities

The Group has in place a Directors' and Officers' insurance policy to cover relevant individuals against claims arising from their work on behalf of the Company and its subsidiaries. The Directors intend to keep the level of cover provided under annual or more frequent review as appropriate.

Streamlined energy and carbon reporting

The Company is exempt from the streamlined energy and carbon reporting (SECR) requirements as none of the entities within the Group meet the SECR reporting requirements at an individual level.

Events since the balance sheet date

The Group has continued to operate successfully in 2023 in line with the Board's directions.

Subsequent to year-end, the Company finalised the transfer of 100% of its shares in World First Asia Limited to Ant Innovation (Singapore) Holding Pte. Ltd, a fellow Ant Group company. The transfer was approved in January 2023 based on the assessment of the capital benefits, the strategic alignment of the legal entities and the cost of the transaction (including tax considerations).

World First Asia Limited is no longer a subsidiary of the Company and will no longer be consolidated in the World First Group effective from 1st January 2023. Further details are disclosed in note 24.

Other than as disclosed in note 24, the Directors do not believe that any other specific reportable events have occurred since the balance sheet date which would have a material impact on the 2022 financial statements.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue operations for the foreseeable future. Ant Group have indicated, by way of a letter of support to the Directors, their unconditional support for at least 12 months from the date of authorisation of these financial statements. This includes the provision of capital, technology and human resources to support future business growth and to meet regulatory capital requirements.

Given the liquidity and capital resources arrangements in place, the consolidated accounts have been prepared on a going concern basis.

The Group's positioning as a provider of services to the eCommerce and Corporate segments means that any adverse changing impacts of customer behaviour through COVID have been minimal and this is expected to continue. The Group provides services to eCommerce sellers and this segment has seen significant growth in 2021 and 2022 following the increasing trend towards digitalisation. COVID is not considered a key risk to the Group.

The Group continued to operate through the course of the year without material financial or operational impact to the ongoing business model as a result of COVID. A Hybrid Working Framework is in place across a number of locations to ensure the working environment for employees is in line with best practice. Management assess that it has sufficient resources available to it to mitigate against the impact of any adverse changes for the foreseeable future.

We believe that the longer-term outlook is positive and we are well-positioned to benefit from our planned investments in product and customer experience to drive increased market share.

The geopolitical situation in Eastern Europe with the war between Russia and Ukraine continues to evolve. The events are not expected to have any material impact on the Group as it has no direct or indirect exposures.

We closely monitor changes to the geopolitical environment to ensure there is no adverse impact on our operations.

As detailed above, the sale of World First Asia Limited was approved subsequent to year-end following an assessment of the capital benefits and to strategically align the legal entities in Ant Group. Future cash flow forecasts for the Group continue to demonstrate strong ongoing profitability.

Under all plausible scenarios, the Directors conclude that the Group retains sufficient liquidity and that the going concern basis remains appropriate in preparing the annual financial statements.

Dividends

The Directors do not recommend a dividend for the year ended 31 December 2022 (2021: nil).

Overseas branches

The Company has overseas branches registered in the Netherlands.

Future developments

The Group has continued to develop its business during the period and the Board consider there are significant opportunities to build the business and serve more customers globally. These opportunities are very significantly heightened given the Group is a key part of Ant Group.

The increased investment the Group has made during the period in our people and technology platforms which deliver services to our customers, position the business well to grow profitably in the future. We plan to continue to integrate our products and offerings into the Ant Group ecosystem to accelerate the execution of our vision. World First is key to the overall strategy of the new Group to expand globally.

World First UK Limited
Year ended 31 December 2022
Directors' Reports (Continued)

Auditors

The auditors, Ernst & Young LLP, are deemed to be reappointed under section 487 of the Companies Act 2006.

This report was approved by the Board and signed on its behalf by:

Wenyi Shi
Director
12th May 2023

Independent Auditor's report to the members of World First UK Limited

Opinion

We have audited the financial statements of World First UK Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated statement of comprehensive income, the Consolidated and Company Balance Sheet, the Consolidated cash flow statements, the Consolidated and Company statements of change in equity and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2022 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 United Kingdom Generally Accepted Accounting Practice; 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 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. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included testing the accuracy of the forecasts and assumptions used in the going concern assessment and understanding the financial capacity for the ultimate parent company, Ant Group Co, to provide unconditional support for the present and future financial obligations of the group and parent company.

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 and parent company's ability to continue as a going concern for a period of 12 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report set out on pages 3 to 12, 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 this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 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 its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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.

World First UK Limited

Year ended 31 December 2022

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006, International Accounting Standards and the Financial Conduct Authority regulations 2011 related to electronic money.
- We understood how the group and company is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters. We have also reviewed correspondence between the parent company and the UK regulatory body and reviewed minutes of the Board and the Risk Management Committee.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the group and parent company have established to address risks identified, or that otherwise seek to prevent, deter, or detect fraud. We also considered performance incentives and their potential to influence management to manage earnings. Our procedures to address the risks identified also included challenging assumptions and judgments made by management in their significant accounting estimates and journal entry testing.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved inquires of management, internal audit, and those responsible for legal and compliance matters. In addition, we performed procedures to identify significant items inappropriately held in suspense and tested journal entries with a focus on manual journals indicating large or unusual transactions based on our understanding of the business.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young L.L.P.

Jean-Philippe Faillat (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
12th May 2023

World First UK Limited

Year ended 31 December 2022

Consolidated statement of comprehensive income

	Notes	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Continuing operations			
Revenue		77,439	47,050
Other income		26,139	6,792
Total income	3	**103,578**	**53,842**
Operating expenses	4	(78,416)	(61,245)
Operating profit/(loss)		**25,162**	**(7,403)**
Finance costs	25	(130)	(105)
Profit/(loss) on ordinary activities before tax		**25,032**	**(7,508)**
Tax credit on profit on ordinary activities	8	214	1,137
Profit/(loss) for the financial year from continuing operations		**25,246**	**(6,371)**
Discontinued operations			
Loss for the year from discontinued operations	6	**(24)**	**(42)**
Profit/(loss) for the year		**25,222**	**(6,413)**
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**2,220**	**310**
Continuing operations		2,220	(108)
Discontinued operations		-	418
Total comprehensive income/(loss)		**27,442**	**(6,103)**

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

World First UK Limited

Year ended 31 December 2022

Consolidated balance sheet

	Notes	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Non-current assets			
Property, plant and equipment	9	642	1,014
Right-of-use assets	25	3,474	1,453
Intangible assets	10	21	1,130
Derivative financial instruments	12	2,649	438
Trade and other receivables	13	124	472
Deferred tax asset	8	1,740	1,384
		8,650	**5,891**
Current assets			
Cash and cash equivalents		68,718	45,259
Cash and cash equivalents held for customers	23	852,007	1,183,988
Balances held for customers within the Group	23	1,427,505	-
Trade and other receivables	13	26,218	52,861
Corporation tax receivable	8	14	3
Amounts due from related companies	22	34,475	6,391
Derivative financial instruments	12	14,591	10,255
		2,423,528	**1,298,757**
Total assets		**2,432,178**	**1,304,648**
Current liabilities			
Lease liabilities	25	1,116	1,117
Trade and other payables	15	31,970	54,126
Amounts due to customers		2,077,117	1,187,686
Amounts due to related companies	22	239,766	30,053
Derivative financial instruments	12	12,042	8,093
Corporation tax payable	8	10	3
		2,362,021	**1,281,078**
Non-current liabilities			
Lease liabilities	25	2,499	205
Derivative financial instruments	12	1,933	446
Trade and other payables	15	209	176
		4,641	**827**
Total liabilities		**2,366,662**	**1,281,905**
Net assets		**65,516**	**22,743**

Consolidated balance sheet (Continued)

	Notes	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Capital and reserves			
Called up share capital	19	81,001	67,001
Share premium		385	385
Share based payments reserve	20	7,941	6,610
Capital redemption reserve		1	1
Profit for the year		25,222	(6,413)
Accumulated loss		(53,824)	(47,411)
Foreign exchange reserve		4,790	2,570
Total shareholders' funds		**65,516**	**22,743**

The financial statements were approved by the Board and signed on its behalf by:
Wenyi Shi
Director
Date: 12th May 2023

The accompanying accounting policies and explanatory information form an integral part of the financial statements

World First UK Limited
Year ended 31 December 2022

Company balance sheet

	Notes	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Non-current assets			
Property, plant and equipment	9	483	636
Right-of-use assets	25	1,150	262
Intangible assets	10	28	1,128
Investments in subsidiaries	11	36,858	32,917
Derivative financial instruments	12	2,694	455
Deferred tax asset	8	630	-
		41,843	**35,398**
Current assets			
Cash and cash equivalents		54,355	22,103
Cash and cash equivalents held for customers	23	324,320	853,884
Balances held for customers within the Group	23	1,436,222	-
Trade and other receivables	13	20,014	44,137
Amounts due from related companies		7,984	3,658
Derivative financial instruments	12	15,560	11,217
Corporation tax receivable	8	14	3
		1,858,469	**935,002**
Total assets		**1,900,312**	**970,400**
Current liabilities			
Lease liabilities	25	673	34
Trade and other payables	15	21,257	43,034
Amounts due to customers		155,480	149,799
Amounts due to customers of Group subsidiaries		1,587,386	706,726
Amounts due to related companies		61,917	25,030
Derivative financial instruments	12	13,941	9,912
		1,840,654	**934,535**
Non-current liabilities			
Lease liabilities	25	505	-
Derivative financial instruments	12	1,935	438
Trade and other payables	15	209	-
		2,649	**438**
Total liabilities		**1,843,303**	**934,973**
Net assets		**57,009**	**35,427**

Company balance sheet (Continued)

	Notes	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Capital and reserves			
Called up share capital	19	81,001	67,001
Share premium		385	385
Share based payments reserve	20	8,327	6,609
Capital redemption reserve		1	1
Profit for the year		5,864	(4,342)
Accumulated loss		(38,569)	(34,227)
Total shareholders' funds		**57,009**	**35,427**

The financial statements were approved by the Board and signed on its behalf by:

Wenyi Shi
Director
Date: 12th May 2023

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Consolidated statement of changes in equity

	Called up share capital	Capital redemption reserve	Share premium	Share based payments reserve	Accumulated loss	Foreign exchange reserve	Shareholders' funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	**61,001**	**1**	**385**	**4,691**	**(47,411)**	**2,260**	**20,927**
Loss for the year					(6,413)		(6,413)
Other comprehensive gain for the year						310	310
Share issuance	6,000						6,000
Share based payments transactions				1,919			1,919
At 31 December 2021	**67,001**	**1**	**385**	**6,610**	**(53,824)**	**2,570**	**22,743**
Profit for the year					25,222		25,222
Other comprehensive gain for the year						2,220	2,220
Share issuance	14,000						14,000
Share based payments transactions				1,717			1,717
Share-based payments recharge				(386)			(386)
At 31 December 2022	**81,001**	**1**	**385**	**7,941**	**(28,602)**	**4,790**	**65,516**

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Company statement of changes in equity

	Called up share capital	Capital redemption reserve	Share premium	Share based payments reserve	Accumulated loss	Shareholders' funds
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	**61,001**	**1**	**385**	**4,690**	**(34,227)**	**31,850**
Loss for the year					(4,342)	(4,342)
Share issuance	6,000					6,000
Share based payments transactions				1,919		1,919
At 31 December 2021	**67,001**	**1**	**385**	**6,609**	**(38,569)**	**35,427**
Profit for the year					5,864	5,864
Share issuance	14,000					14,000
Share based payments transactions				1,718		1,718
At 31 December 2022	**81,001**	**1**	**385**	**8,327**	**(32,705)**	**57,009**

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Consolidated cash flow statements

	Year ended 31 December 2022	Year ended 31 December 2021
	£'000	£'000
Cash flows from operating activities		
Profit/(loss) from continuing operations	**25,246**	**(6,371)**
Adjustments to reconcile net loss to net cash provided by operating activities		
Change in market value of derivatives	206	(498)
Tax charge	(214)	(1,137)
Depreciation	2,202	2,916
Amortisation	1,109	2,109
Interest on lease liabilities	130	105
Loss on lease termination	65	-
Share based compensation	1,717	1,921
Share based compensation recharge	(386)	-
Impairments	76	101
Movement in provisions	(1,068)	262
Net foreign exchange movement	3,058	518
Operating cash flow before changes in working capital	**32,141**	**(74)**
Changes in operating assets and liabilities		
Change in cash and cash equivalents held for customers	331,981	(182,443)
Change in trade and other receivables	25,982	(1,625)
Change in trade and other payables	(21,941)	4,696
Change in balances held for customers within the Group	(1,427,505)	-
Change in derivative financial instruments	(1,317)	(1,512)
Change in amounts due to customers	889,431	179,342
Change in net interest received	1,898	357
Change in affiliate balances	179,629	4,245
Tax paid	(146)	(1,156)
Net operating cash flow from discontinued operations	25	(39)
Net cash flow from/(used in) operating activities	**10,178**	**1,791**
Cash flows from/(used in) investing activities		
Acquisition of property, plant and equipment	(469)	(316)
Net investing cash flow from discontinued operations	-	(101)
Proceeds from sale of customers	2,000	-
Net cash flow from/(used in) investing activities	**1,531**	**(417)**
Cash flows from/(used in) financing activities		
Repayment of the lease liabilities	(1,265)	(2,179)
Dividends paid	-	-
Share issuance	14,000	6,000
Net cash flow from financing activities	**12,735**	**3,821**
Net change in cash	**24,444**	**5,195**
Cash at beginning of year	45,259	40,188
Effect of exchange rate fluctuation	(985)	(124)
Cash at end of year	**68,718**	**45,259**
Continuing operations	68,718	45,259
Discontinued operations	-	-
	68,718	**45,259**

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

World First UK Limited

Year ended 31 December 2022

Notes to the financial statements

1. Authorisation of financial statements and statement of compliance

The financial statements of World First UK Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2022 were authorised for issue by the Board of Directors (the "Board") on 12th May 2023 and the balance sheet was signed on the Board's behalf by Wenyi Shi. The Company is incorporated and domiciled in England and Wales. It is a private Company limited by shares.

The Group's financial statements have been prepared in accordance with UK Adopted International Accounting Standards as they apply to the financial statements of the Group for the year ended 31 December 2022 and in accordance with the Companies Act 2006. The Company's financial statements have been prepared under FRS 101 Reduced Disclosure Framework. After making enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue operations for the foreseeable future. Ant Group, the Group's ultimate parent company, have indicated, by way of a letter of support to the Directors, their unconditional support for at least 12 months from the date of authorisation of these financial statements. Ant Group proposes to provide this financial support on a staged basis during the year; this includes the provision of capital, technology and human resources to support future business growth and enable the company to continue to meet its regulatory capital requirements. Given the liquidity and capital resources arrangements in place, the consolidated accounts have been prepared on a going concern basis. The accounting policies which follow set out those policies which apply in preparing these financial statements.

2. Accounting policies

The Group's and Company's financial statements are presented in Pounds Sterling (£) and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The accounts are prepared under the historical cost convention except for derivative financial assets and liabilities that are stated at fair value.

The Company is a private limited company incorporated in the United Kingdom, registered at Millbank Tower, 21-24 Millbank, London, SW1P 4QP, England.

As described in the Directors' report, the principal activity of the Company and its subsidiaries is that of foreign currency brokerage.

a) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and the entities it controls (its subsidiaries) drawn up to 31 December each year.

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the parent Company and are based on consistent accounting policies. All intragroup balances and transactions, including unrealised profits and losses arising from them, are eliminated in full.

b) Disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 10(d) and 10(f), of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows*;
- the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*.

The Company has taken advantage of the exemption under s408 of the Companies Act 2006 from presenting its own profit and loss account.

The Directors have approved these disclosure exemptions for the Company.

c) Adoption of new and amended IFRS and interpretations

The IFRS financial information has been drawn up on the basis of accounting standards, interpretation and amendments effective at the beginning of the accounting period.

The nature and the impact of these new amendments are described below.

Amendments to IFRS 3 *Reference to the Conceptual Framework*

The amendments replace a reference to a previous version of the IASB's *Conceptual Framework* with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments apply to annual reporting periods beginning on or after 1 January 2022.

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent* Assets or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

There were no other applicable new standards coming into effect during the year that impacted the Group.

The Group has not early adopted any standards and interpretations that are issued, but not yet effective up to the date of issuance of the Group's financial statements. The Group intends to adopt these standards, when they become effective. The amendments are not expected to have any material impact on the Group.

Description	Effective for annual periods beginning on or after
Amendments to IAS 1 *Classification of Liabilities as Current or Non-Current*	1 January 2023
Amendments to IAS 8 *Definition of Accounting Estimates*	1 January 2023
Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a single transaction*	1 January 2023
Amendments to IAS 1 & IFRS Practice Statement 2 - *Disclosure of Accounting Policies*	1 January 2023

The Company expects that the adoption of the amendments above will have no material impact on the financial statements in the period of initial adoption.

d) Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability effected in the future periods.

Items subject to estimates and assumptions include useful lives of fixed assets, valuation of share based compensation (refer to note 20), uncertain tax positions and deferred tax uncertainties, impairment of financial and non-financial assets and transfer pricing. The key areas of accounting judgement and estimation are discussed below.

Tax

Significant judgement is involved in determining the provision for taxation, including the definition of intra-group transfer pricing arrangements. There are certain transactions and computations for which the ultimate tax determination is uncertain. Where a tax position is uncertain and there is a range of possible outcomes that are neither binary nor concentrated on one value, the group will consider whether it is probable that a taxation authority will accept an uncertain tax treatment and if it is not probable, an expected value is provided using a weighted average of possible outcomes.

Deferred tax assets and liabilities can be recognised when the carrying amount of an asset or liability in the statement of financial position differs from its tax base. Deferred tax assets are recognised when in the opinion of management it is probable that taxable profits will be available against which the differences can be utilised. Deferred tax assets are recognised in subsidiaries with a history of trading losses only where management have prepared and assessed forecasts of taxable profit which indicate recovery in the foreseeable future with a high level of confidence.

Impairment of investment in subsidiaries

The carrying value of the Company's investment in subsidiaries is reviewed on an annual basis for any indication of impairment and, if any such indication exists, the assets' recoverable amount is estimated. If an impairment loss is to be recognised in the income statement of the investing company the carrying value of an asset or its cash-generating unit would need to exceed its recoverable amount.

The impairment analysis for investments in subsidiaries considers estimated future results, annual growth, discount rates and profit margins, cash flows from operations and the tangible and intangible assets of the company. Judgement is required in relation to the achievability of the long-term business plan and macroeconomic assumptions underlying the valuation process, however the risk of a material adjustment to the carrying amount of the Company's investments in subsidiaries is not significant. Management do not consider that any reasonably possible changes to the key assumptions would reduce the recoverable amount to its carrying value.

Valuation of lease liabilities and right-of-use assets

The application of IFRS 16 requires the Group to make judgements that effect the valuation of the lease liabilities and right-of-use assets. This includes the determination of the incremental borrowing rate used for discounting of future cash flows. For applicable leases in each of the subsidiaries geographic locations, the present value of the lease payment is determined using the discount factor (fixed at lease recognition date) representing the rate of interest rate swap applicable in the first instance in the currency of the lease contract and for similar tenor, adjusted by the average credit spread of entities with rating similar to the subsidiaries rating. Judgement is also required to determine the estimated dilapidation cost at the end of the lease term. The dilapidation cost is part of the initial valuation of the right-of-use asset.

Fair Value of Equity Settled Share Based Payments

At each date of measurement Ant Group reviews internal and external sources of information to assist in the judgement of various attributes to determine the fair value of the share based awards granted, including but not limited to the fair value of the underlying shares, expected life, expected volatility and expected forfeiture rates. As the ultimate holding company is a private company, the sources utilised to determine those attributes at the date of measurement are subjective in nature and require the ultimate holding company to use judgement in applying such information to the share valuation models. The ultimate holding company is required to consider many factors and make certain assumptions during this assessment. If any of the assumptions used to determine the fair value of the share based payment awards change significantly, share based payment expense may differ materially in the future from that recorded in the current reporting period.

e) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Sterling, which is the Company's functional and presentation currency.

i) ***Foreign currency transactions***

Transactions in currencies different from the functional currency of the Group entity entering into the transaction are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the exchange rate ruling at that date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit and loss. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of transactions.

ii) ***Financial statements of non-Sterling operations***

The assets and liabilities of operations whose functional currency is not Sterling are translated to Sterling at exchange rates ruling at the balance sheet date. The revenues and expenses of these operations are translated to Sterling at rates approximating to the exchange rates ruling at the dates of the transactions. Exchange differences arising on retranslation of non-Sterling operations are recognised in other comprehensive income and accumulated within a separate component of equity, the foreign exchange reserve, and are released upon disposal of the non-Sterling operations.

f) Distinction between current and non-current assets and liabilities

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale for consumption in, the entity's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realised within twelve months after the end of the reporting period; or
- it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the end of the reporting period.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the entity's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be settled within twelve months after the end of the reporting period; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

g) Financial assets

Financial assets are classified at initial recognition and subsequently measured at either amortised cost or fair value through profit and loss.

The classification depends on the financial assets' contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade and other receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value. Trade and other receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

The Group has not classified any financial assets at fair value through other comprehensive income.

i) Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- 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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Cash and cash equivalents, collateral placed with banks, cash and cash equivalents held for customers and trade and other receivables are held at cost as they are short term and therefore the effect of discounting is immaterial. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

ii) Impairment of financial assets

An allowance for expected credit losses (ECLs) is required for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition (Stage 1), ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition (Stage 2), or are credit impaired (Stage 3), a lifetime loss allowance is required for credit losses.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. A provision matrix is used to calculate lifetime ECLs for assets that are not credit impaired.

Default for the purposes of determining ECLs occurs no later than 90 days past due. Given the short term nature of the Group's financial assets, indicators that a debtor is unlikely to pay will occur much earlier and amounts classified as credit impaired are fully provided within 30 days past due.

Amounts will be written off when there is no reasonable expectation of recovery.

iii) Financial assets at fair value through profit or loss

All derivative financial assets are classified as fair value through profit or loss and are held for trading. Financial assets classified at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in revenue.

iv) Derecognition of financial assets

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

h) Financial liabilities

All derivative financial liabilities are classified as fair value through profit or loss and are held for trading. Financial liabilities held at amortised cost include; trade and other payables, lease liabilities, amounts due to related companies and amounts due to customers. Trade and other payables include operating expenses payable and accruals.

All financial liabilities are initially recognised at fair value. Derivative financial liabilities classified at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in revenue.

i) ***Derecognition of financial liabilities***

A financial liability is derecognised when the obligation under the liability is discharged, sold, cancelled or expired.

i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

j) Cash and cash equivalents

The Group considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents are measured at cost being the principal amount. These include:

i) ***Cash and cash equivalents held for customers***

Cash and cash equivalents held for customers represents cash held in segregated accounts. These balances can have a regulatory or operational restriction placed upon them.

A corresponding liability is maintained in connection with these amounts within "amounts due to customers" in the balance sheet.

k) Amounts due to customers

Amounts due to customers relates to cash and margin transactions. Cash transactions may include:

i) funds held on account to accumulate a balance in advance of a transaction, as well as clients holding margin with the Group.
ii) transacted amounts for which the customer chooses to delay onward payment.

l) Amounts due to or held for customers within the Group

Amounts due to customers of Group subsidiaries recognises that either the Company, or Alipay Global Markets (Singapore) Pte Ltd as the FX & Liquidity Centre for Ant Group, holds customer cash on behalf of the Group subsidiaries. Balances held for customers within the Group recognises that the subsidiaries, or Alipay Global Markets (Singapore) Pte Ltd, hold customer cash on behalf of the Company. The Company has a corresponding balance included in amounts due to or from related companies.

These balances and amounts due to and from related companies within the Group are eliminated in full on consolidation, except where the counterparty is Alipay Global Markets (Singapore) Pte Ltd as it is not a Group company. Balances and Amounts due to or held for customers within the Group do not generate revenue.

m) Taxation

i) ***Current taxation***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the company's taxable profit. The taxable profit may differ from the profit included in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

ii) ***Deferred taxation***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits ("temporary differences") at the rate expected to be in force when the differences reverse and is accounted for using the balance sheet liability method. Deferred tax assets are recognised when it is more likely than not that taxable profits will be available against which the differences can be utilised and this is assessed at each reporting date.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill and other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. If the entity has a history of recent losses the company recognises a deferred tax asset only to the extent there is other convincing evidence that sufficient taxable profit will be available.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

n) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost comprises the aggregate amount paid to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment on a straight-line basis over its expected useful life:

- Office and computer equipment - 3 years;
- Leasehold improvements – lesser of the estimated economic useful life or the term of the lease.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and values are written down immediately to their recoverable amount if needed. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the statement of comprehensive income in the period of de-recognition.

o) Intangible assets

i) ***Internally generated software***

The Group develops internally generated software that is recognised as an intangible asset only if the criteria below are met:

- it will be available for use or sale;
- the software will generate probable future economic benefits; and
- the Group can measure reliably the costs attributable to the software during its development.

The costs that are eligible for capitalisation comprise costs of materials and services used or consumed in generating the intangible asset; staff costs associated with developing the assets, legal fees to register the asset and other directly attributable costs. Amortisation is charged to the operating expenses on a straight line basis over the useful economic lives of the assets (3 years).

ii) ***Purchased software***

The Group purchases software that is recognised as an intangible asset if the following criteria are met:

- the software will generate probable future economic benefits; and
- the Group can measure reliably the costs attributable to the software.

Amortisation is charged to operating expenses on a straight line basis over the useful economic lives of the assets (3 years).

p) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all their liabilities. Ordinary and preference shares are classified as equity and recognised at the fair value of the consideration received by the Company.

q) Investment in subsidiaries

A subsidiary is an entity controlled by the Company. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Only substantive rights (held by the Company and other parties) are considered when controls by the Company over the subsidiary are assessed.

In the holding Company's accounts the subsidiaries are carried at cost less amounts provided for impairment.

The gain or loss on disposal of an investment in subsidiary is the difference between the net sales proceeds and the carrying amount of the investment in subsidiary and is recognised in the consolidated statement of comprehensive income.

r) Impairment of non-financial assets

The Group assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If there is an indication that an asset is impaired, the Group estimates the asset's recoverable amount.

In accordance with IAS 36, the recoverable amount is the higher of an asset's or cash-generating-unit's (CGU) value-in-use (VIU) and fair value less costs of disposal (FVLCD). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group bases its impairment calculation on most recent budgets and forecast calculations. These forecast calculations cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

s) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, 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 applies a single recognition and measurement approach for all leases, except for short-term leases or low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) ***Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, dilapidation costs and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2 (s) *Impairment of non-financial assets*.

*ii) **Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, or a change in the lease payments (i.e. changes to future payments resulting from a change in an index or rate used to determine such lease payments).

*iii) **Short-term leases and leases of low-value assets***

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value (value of the underlying asset is below £5k).

Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term. Sublease income on short-term leases is recognised as income on a straight-line basis over the lease term.

t) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Where the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation.

u) Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment and are recognised as distributions within equity.

v) Employee benefits

*i) **Defined contribution plan***

The Group and Company operate defined contribution pension schemes and the pension charge represents the contributions made on behalf of employees in respect of that year. These contributions are recognised as compensation expenses in the financial period in which the related service is performed.

*ii) **Employee leave entitlement***

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for leave, based on the Group's policy, as a result of services rendered by employees up to the end of the reporting period.

*iii) **Share based payments***

Equity settled award plans

The Group accounts for share-based schemes in accordance with the requirements of IFRS 2 taking into consideration the features of each particular arrangement.

The movement in cumulative charges since the previous balance sheet is recognised in the statement of comprehensive income with a corresponding entry in equity for equity settled schemes. The costs of share-based payments made by the Parent Company to employees of the subsidiaries was treated as an equity contribution in the subsidiaries.

The acquisition of the World First Group by Ant Group resulted in full settlement of the World First Group schemes. Ant Group the ultimate holding company uses affiliate companies to grant Restricted Share Units (RSUs) and Stock Appreciation Rights (SARs) that are equity settled with certain employees of World First Group.

Details of the share based compensation are set out in note 20.

w) Income recognition

i) ***Revenue***

Revenue on foreign currency exchange contracts is the difference between the cost and selling price of currency (foreign currency margin plus payment fees).

Foreign currency margin includes:
i) margin between customer and internal hedge pricing ("customer margin")
ii) margin between internal hedge and external hedge pricing ("hedge trading P&L")

Payment fees earned by the Group are to directly facilitate foreign exchange transactions.

Revenue also includes the revaluation of open foreign exchange positions to market value, remittance fees, fees facilitating same currency payments, virtual credit card fees and intermediary referral fees from third parties.

Revenue is measured based on the consideration that the Group expects to be entitled in exchange for transferring promised goods or services to a customer (executing foreign currency exchange, same currency payments or facilitating card services) or remittance partner (facilitating remittance payments), or in exchange for customer referrals to third parties where the Group receives consideration based on additional services entered into by these customers.

Revenue on foreign currency exchange contracts is recognised at point in time after receiving client authorisations to undertake foreign currency exchange transactions for immediate or forward delivery.

Revenue is recognised for fee related activity which is earned on a transaction basis at a point in time when the performance obligation is satisfied. Fee revenue generated from payment activity includes same currency payments, virtual credit card fees, remittance fees for the facilitation of payments on behalf of remittance partners, as well as fees for the referral of Group customers to third party companies, who enter into additional services with these third parties.

Commission expenses are commissions paid to strategic and referral partners.

Net interest income on cash and cash equivalents held for customers is part of the ordinary activities of the Group and is recognised as revenue.

ii) ***Other income***

Other income includes gains and losses on foreign exchange, income from government research and development grants, fees for services provided or the sale of customers to other Ant Group companies and net interest income on cash and cash equivalents, which is recognised as other income as it is an incidental benefit.

x) Related parties

Transactions between the Group and Ant Group and its subsidiaries meet the definition of related party transactions. Transactions between the Company and its subsidiaries also meet the definition of related party transactions.

Stichting Derdengelden World First Netherlands B.V. (Foundation entity) holds safeguarded client money on behalf of Group subsidiary World First Netherlands B.V. and is therefore a related party.

Key management personnel, and persons connected with them, are also considered to be related parties. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

Related party transactions are disclosed in note 22.

y) Discontinued operations

A disposal group qualifies as a discontinued operation if it is a component of the Group that has been discontinued, disposed of or held for sale, and represents a separate business line or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss for the year from discontinued operations in the consolidated statement of comprehensive income.

Assets and liabilities classified as discontinued operations are presented separately as current items in the consolidated balance sheet.

Additional disclosures are provided in note 6.

3. Revenue

	Group Year ended 31 December 2022	Group Year ended 31 December 2021
Revenue	**£'000**	**£'000**
Revenue on foreign exchange contracts	66,195	39,958
Virtual credit card fees	138	-
Fees on same currency contracts	7,484	5,299
Remittance fees	5,583	3,669
Referral fees	529	538
Commissions	(4,042)	(3,382)
Mark to market on derivative financial instruments	(206)	498
Interest income	1,940	1,127
Interest expense	(182)	(657)
	77,439	**47,050**
Other income		
Loss on foreign exchange	(656)	(910)
Interest income	139	12
Interest expense	-	(123)
Fees for services provided to other Ant Group companies	24,656	7,540
Sale of customers to Ant Group company	2,000	-
Other income	-	273
	26,139	**6,792**
Total income	**103,578**	**53,842**

Net interest income on cash and cash equivalents held for customers is part of the ordinary activities of the Group and is recognised as revenue. Net interest income on cash and cash equivalents is an incidental benefit and is therefore recognised as other income.

4. Operating expenses

Operating profit/(loss) is after charging:

	Group Year ended 31 December 2022	Group Year ended 31 December 2021
	£'000	£'000
Wages, salaries and bonus	12,768	15,044
Share based payments	1,707	1,921
Depreciation	2,202	2,916
Amortisation	1,109	2,109
Impairments	76	100
Operating lease rental	14	5
Marketing costs	2,638	4,218
Banking costs	15,826	13,350
Provision of services from Ant Group companies	35,541	11,749
Professional fees	3,606	5,158
Other administrative costs	2,929	4,675
	78,416	**61,245**

5. Employees' and Directors' remuneration

	Group Year ended 31 December 2022	Group Year ended 31 December 2021
	£'000	£'000
Staff costs (including Directors) comprise:		
Salaries and wages	9,470	10,600
Bonus	1,784	3,100
Social security costs	969	743
Retirement benefit costs	544	601
Share based payments	1,707	1,921
	14,474	**16,965**

Average number of employees including Directors during the year:

	Group Year ended 31 December 2022	Group Year ended 31 December 2021
	Number	Number
Sales and dealing	49	68
General administration	33	49
Management	8	15
	90	**132**

The average number of employees of the Company during 2022 was 35 employees (2021: 43 employees).

Directors' remuneration:

	Company Year ended 31 December 2022	Company Year ended 31 December 2021
	£'000	£'000
Directors' emoluments	433	439
Retirement benefit costs	11	14
Share based payments	327	626
	771	**1,079**

During the period retirement benefits were accruing to one Director (2021: one Director) in respect of money purchase pension schemes. The highest paid Director received remuneration of £771k (2021: £1,079k).

The value of the Group's contributions paid to a money purchase pension scheme in respect of the highest paid Director amounted to £11k (2021: £14k).

Included in Directors' emoluments is £nil of compensation for loss of office (2021: £nil).

6. Discontinued operations

Yuefan Business Consulting (Shanghai) Company Limited, incorporated in the People's Republic of China, a 100% owned subsidiary of World First Asia Limited and an indirect holding of the Company, was sold to an Ant Group company on 2nd of July 2021 and is presented as discontinued operations in the Statement of Comprehensive Income.

World First Payment Gateways India Private Limited was liquidated during 2021 and is presented as discontinued operations in the Consolidated Balance Sheet and the Statement of Comprehensive Income.

As noted in the previous financial years, World First Markets Limited ceased to offer clients options in December 2016 and closed all remaining options during 2017. The residual activity in World First Markets Limited continues to be presented as discontinued operations in the Statement of Comprehensive Income for the year ending 31st December 2022.

A summary of the discontinued business in the Group is shown below.

Loss from discontinued operations	**Year ended 31 December 2022**	**Year ended 31 December 2021**
	£'000	**£'000**
Other income		
Other income	-	50
Total income	**-**	**50**
Operating expenses		
Professional fees	(25)	(59)
Banking costs	-	(5)
Audit fees	-	(6)
Salaries and wages	-	(4)
	(25)	**(74)**
Operating loss	**(25)**	**(24)**
Tax charge on ordinary activities	1	(18)
Loss after taxation	**(24)**	**(42)**

7. Auditors' remuneration

	Year ended 31 December 2022	**Year ended 31 December 2021**
	£'000	**£'000**
Audit of financial statements	370	376
Audit of subsidiaries	513	427
	883	803
Audit of financial statements under accrual from prior year	-	75
Taxation compliance & advisory services	150	130
Other non-audit services	84	95
	234	225
Total	**1,117**	**1,028**

8. Corporation tax

a) Tax charge in the income statement on continuing operations

	Group Year ended 31 December 2022	Group Year ended 31 December 2021
	£'000	£'000
Current income tax		
UK corporation tax	-	-
Foreign tax	4	(19)
Other tax expenses	29	55
Adjustments in respect of prior years	-	(41)
Total current income tax	33	(5)
Deferred income tax		
Origination and reversal of temporary differences	(93)	(1,133)
Impact of change in rates	(151)	-
Adjustments in respect of prior years	(3)	1
Total deferred tax	(247)	(1,132)
Tax expense in the income statement	**(214)**	**(1,137)**

b) Reconciliation of the total tax charge for continuing operations

The tax expense in the income statement for the year is lower (2021: higher) than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are reconciled below:

	Group Year ended 31 December 2022	Group Year ended 31 December 2021
	£'000	£'000
Profit/ (Loss) before tax	25,032	(7,508)
Tax charge/(credit) at UK corporation tax rate of 19%	4,756	(1,426)
Effects of:		
Overseas tax rates	(390)	68
Non-deductible expenses	576	238
Non-taxable income	(357)	(73)
Change in tax rates	(151)	-
Adjustments for prior periods	(3)	(41)
Other overseas taxes charges	33	36
Items not recognised for deferred tax	(3,914)	1,503
Group reliefs claimed	(183)	-
Deferred tax recognised	(581)	(1,442)
Total credit in the income statement	**(214)**	**(1,137)**

c) Reconciliation of the total tax charge for discontinued operations

	Group Year ended 31 December 2022	Group Year ended 31 December 2021
	£'000	£'000
Loss before tax of discontinuing operations	(25)	(24)
Tax credit at UK corporation tax rate of 19%	(5)	(5)
Effects of:		
Non-deductible expenses	4	4
Overseas tax rates	-	1
Adjustments for prior periods	-	18
Tax (credit)/charge on discontinued operations (note 6)	**(1)**	**18**

d) Unrecognised tax losses

As at 31 December 2022 the group has unutilised tax losses of approximately £65.7m (31 December 2021: £87.9m). These losses are available for offset against future taxable profits, subject to the agreement of the tax authority and provisions of local Income Tax Acts.

These deferred tax assets have not been fully recognised in the Financial Statements as, although the Directors are confident in the future growth of the business, these forecasts are inherently uncertain so a recognition of the deferred tax asset is not considered appropriate.

Expiration of losses	Year ended	Gross losses ¥'000	Gross losses £'000	At local tax rate £'000	At UK tax rate £'000	Expiry date
World First Japan K.K	2017	15,171	95	29	24	31 Dec 2026
World First Japan K.K	2020	66,001	413	127	103	31 Dec 2030
World First Japan K.K	2021	40,167	251	77	63	31 Dec 2031
World First Japan K.K	2022	28,051	176	54	44	31 Dec 2032

*The losses for World First UK Limited, World First Asia Limited, World First Asia Pte Limited and World First Pty Limited are carried forward indefinitely.

e) Change in UK corporate tax rate

The main rate of corporate tax for the year ended 31 December 2022 is 19% (2021: 19%).

The UK Government announced on 3 March 2021 its intention to increase the UK rate of corporation tax to 25% from 19% from 1 April 2023. The new rate was substantively enacted in May 2021, as such the deferred tax balances have been calculated with reference to the increased rate of 25%.

f) Deferred tax

Deferred tax on losses are recognised only where there is a strong business case supported by clear financial plans which have been reviewed by the Board, and it is considered probable that the deferred tax balance is recoverable in the foreseeable future before the losses expire.

The group has assessed the availability of future taxable profits to utilise the deferred tax asset arising on tax losses and temporary differences. Given that World First UK Ltd, World First Asia Pte. Ltd were profitable in 2022 and are forecasted to be profitable in the future, they have recognised deferred tax assets of £630k (2021: Nil) and £133k (2021: Nil) respectively in the period. Additionally, World First Asia Pte. Ltd, WorldFirst Pty Ltd and WorldFirst Netherlands B.V. continue to recognise a deferred tax asset of £441k (2021: £589k), £412k (2021: £598k), and £124k (2021: 199k).

Unrecognised Deferred tax assets of £67.4m (2021: £92.4m) relating to WorldFIrst (UK) Ltd and World First Japan K.K. that arise on losses, fixed assets and other temporary differences have not been recognised in the Financial Statements as this time, as although the Directors are confident in the future growth of the business, the Directors have taken a conservative view that the recognition of the deferred tax assets is not appropriate at this time.

The deferred tax movement for the Group on continuing operations is as follows:

	Group		*Company*	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
	£'000	**£'000**	**£'000**	**£'000**
Deferred tax asset at start of the period	1,384	274	0	-
Deferred tax credit to the income statement in the period	87	1,130	479	-
Prior period adjustment	4	-	0	-
Impact of change in tax rates	151	-	151	-
Impact of change in exchange rates	114	-20	0	-
Deferred tax asset at end of the period	**1,740**	**1,384**	**630**	-
The deferred tax asset arises on:				
Fixed assets and intangibles	202	149	-	-
Other short term temporary differences	112	536	-	-
Losses	1,426	699	630	-
Deferred tax asset at end of the period	**1,740**	**1,384**	**630**	-

The deferred tax movement for the Group on discontinued operations was nil for both years ending 31 December 2022 and 31 December 2021. The deferred tax movement for the Company was nil for both years ending 31 December 2022 and 31 December 2021.

g) Reconciliation of tax asset/(liability)

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£'000	£'000	£'000	£'000
Non-current assets				
Deferred tax asset	1,740	1,384	630	-
Current assets				
Corporation tax receivable	14	3	14	3
Current liabilities				
Corporation tax payable	(10)	(3)	-	-
Net position	**1,744**	**1,384**	**644**	**3**
Tax (liability)/asset				
At the start of the period	**-**	**(1,183)**	**3**	**(1,388)**
Corporation tax charge to equity	-	-	-	-
Impact of change in exchange rates	-	1	-	-
Corporation tax (refunded)/paid	14	1,179	14	1,332
Corporation tax charge to income statement	(10)	3	(3)	59
At the end of the period	**4**	**-**	**14**	**3**

9. Property, plant and equipment

Group

	Computer equipment £'000	Leasehold property £'000	Office equipment £'000	Total £'000
Costs				
As at 1 Janaury 2021	3,425	1,913	2,205	7,543
Additions	26	43	247	316
Sale of asset				
As at 31 December 2021	3,451	1,956	2,452	7,859
Additions	134	166	170	470
As at 31 December 2022	3,585	2,122	2,622	8,329
Depreciation				
As at 1 January 2021	(2,424)	(1,613)	(1,966)	(6,003)
Provided for the year	(544)	(146)	(152)	(842)
As at 31 December 2021	(2,968)	(1,759)	(2,118)	(6,845)
Provided for the year	(437)	(144)	(184)	(765)
Impairments	-	(59)	(17)	(76)
As at 31 December 2022	(3,406)	(1,962)	(2,319)	(7,686)
Net book value				
As at 31 December 2021	**483**	**197**	**333**	**1,014**
As at 31 December 2022	**179**	**160**	**303**	**642**

Company

	Computer equipment £'000	Leasehold property £'000	Office equipment £'000	Total £'000
Costs				
As at 1 Janaury 2021	2,264	838	1,495	4,597
Additions	14	43	247	304
As at 31 December 2021	2,278	881	1,742	4,901
Additions	126	89	140	354
As at 31 December 2022	2,404	970	1,882	5,256
Depreciation				
As at 1 January 2021	(1,687)	(731)	(1,347)	(3,765)
Provided for the year	(316)	(65)	(119)	(500)
As at 31 December 2021	(2,003)	(796)	(1,466)	(4,265)
Provided for the year	(260)	(64)	(184)	(507)
As at 31 December 2022	(2,263)	(860)	(1,650)	(4,773)
Net book value				
As at 31 December 2021	**275**	**84**	**276**	**636**
As at 31 December 2022	**141**	**109**	**232**	**483**

10. Intangible assets

Group

	Software developments £'000	Purchased software £'000	Total £'000
Costs			
As at 1 January 2021	22,846	1,273	24,119
Additions			
As at 31 December 2021	22,846	1,273	24,119
As at 31 December 2022	22,846	1,273	24,119
Amortisation			
As at 1 January 2021	(19,733)	(1,047)	(20,780)
Provided for the year	(2,029)	(80)	(2,109)
Written off for the year	-	(100)	(100)
As at 31 December 2021	(21,761)	(1,228)	(22,989)
Provided for the year	(1,065)	(44)	(1,109)
As at 31 December 2022	(22,826)	(1,272)	(24,098)
Net book value			
As at 31 December 2021	**1,085**	**45**	**1,130**
As at 31 December 2022	**20**	**1**	**21**

Intangible assets are assessed regularly during the reporting period for any indicators of impairment. When indicators of impairment exist, a value in use assessment is performed which includes a review of financial performance to date and future trading prospects to estimate future cash flows discounted at an appropriate rate.

Company

	Software developments £'000	Purchased software £'000	Total £'000
Costs			
As at 1 January 2021	22,846	1,150	23,996
As at 31 December 2021	22,846	1,150	23,996
As at 31 December 2022	22,846	1,150	23,996
Amortisation			
As at 1 January 2021	(19,733)	(926)	(20,659)
Provided for the year	(2,029)	(80)	(2,109)
Written off for the year	-	(100)	(100)
As at 31 December 2021	(21,762)	(1,106)	(22,868)
Provided for the year	(1,056)	(44)	(1,100)
As at 31 December 2022	(22,818)	(1,150)	(23,969)
Net book value			
As at 31 December 2021	**1,084**	**44**	**1,128**
As at 31 December 2022	**28**	**-**	**28**

11. Investments in subsidiaries

	Year ended 31 December 2022 £'000	Year ended 31 December 2021 £'000
Balance at the beginning of the year	32,917	25,065
Investment during the year	4,068	6,696
Impairments during the year	(1,300)	-
Investments via share based payments	1,173	1,156
Balance at the end of the year	**36,858**	**32,917**

The Company made £4.1m investments in the share capital of its subsidiaries (2021: £6.7m).

Investments in subsidiaries are assessed at the end of each reporting period for any indicators of impairment. A review of financial performance to date and future trading prospects of the business is considered in the assessment.

To calculate value-in-use for the asset, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Group bases its impairment calculation on most recent budgets and forecast calculations. These forecast calculations cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. The sensitivity to any future impairments is linked directly with the performance against forecasts and there is less sensitivity to discount rates. Judgement is required in relation to the achievability of the long-term business plan and macroeconomic assumptions underlying the valuation process, however the risk of a material adjustment to the carrying amount of the Company's investments in subsidiaries is not significant. Management do not consider that any reasonably possible changes to the key assumptions would reduce the recoverable amount to its carrying value. The recoverable amount has significant headroom above the carrying value.

The principal subsidiaries of the Company as at 31 December 2022, all of which have been included in these consolidated statements are as follows:

Subsidiary undertakings	Country of incorporation	Registered office	Percentage holding of ordinary shares	Nature of business
World First Asia Limited	Hong Kong	20/F, Tower One, Times Square, 1 Matherson Street, Causeway Bay, Hong Kong	100%	Foreign exchange broker
World First Asia Pte Limited	Singapore	51 Bras Basah Road, 04-08 Lazada One, Singapore 189554	100%	Foreign exchange broker
World First Pty Limited	Australia	Level 17, 55 Clarence Street, Sydney, NSW 2000, Australia	100%	Foreign exchange broker
World First Markets Limited	United Kingdom	Millbank Tower, 21-24 Millbank, London UK SW1P 4QP	100%	Closed to new business
World First Advisory Services Limited	United Kingdom	Millbank Tower, 21-24 Millbank, London UK SW1P 4QP	100%	Dormant
World First Japan K.K	Japan	Kyobashi 2-chome 2-chome, Chuo-ku Tokyo, Japan	100%	Collection services
World First Netherlands B.V.	Netherlands	Herengracht 448 Unit 2.1 1017 CA Amsterdam, Netherlands	100%	Foreign exchange broker

Yuefan Business Consulting (Shanghai) Company Limited, incorporated in the People's Republic of China, was a 100% owned subsidiary of World First Asia Limited and an indirect holding of the Company prior to its sale on 2nd of July 2021 to an Ant Group company.

World First Payment Gateways India Private Limited, was a 100% owned subsidiary of the Company. The company was liquidated in 2021.

Stichting Derdengelden World First Netherlands B.V. (Foundation entity) is incorporated in the Netherlands and is controlled by World First Netherlands B.V. The Foundation entity is consolidated in the Group financial statements. The entity holds safeguarded client money on behalf of World First Netherlands B.V.

World First Advisory Services Limited (company registration no. 06938755) and World First Markets Limited (company registration no. 06382377) are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under s479A.

12. Derivative financial instruments

The Group's derivative financial instruments are composed of forward currency contracts.

As at 31 December 2022	Group Current £'000	Group Non-current £'000	Company Current £'000	Company Non-current £'000
Assets				
Forwards	14,591	2,649	15,560	2,694
Total assets	14,591	2,649	15,560	2,694
Liabilities				
Forwards	(12,042)	(1,933)	(13,941)	(1,935)
Total liabilities	(12,042)	(1,933)	(13,941)	(1,935)
As at 31 December 2021				
Assets				
Forwards	10,255	438	11,217	455
Total assets	10,255	438	11,217	455
Liabilities				
Forwards	(8,093)	(446)	(9,912)	(438)
Total liabilities	(8,093)	(446)	(9,912)	(438)

13. Trade and other receivables

	Group As at 31 December 2022	Group As at 31 December 2021	Company As at 31 December 2022	Company As at 31 December 2021
Current	**£'000**	**£'000**	**£'000**	**£'000**
Trade receivables - customers	7,112	18,230	2,633	10,032
Provision for bad & doubtful debts (note 14)	(185)	(1,253)	(116)	(793)
Trade receivables - banks	16,024	32,959	16,024	32,842
Prepayments & accrued income	1,583	2,175	884	1,413
Other receivables	1,684	750	589	643
	26,218	**52,861**	**20,014**	**44,137**
Non-current				
Other receivables	124	472	-	-
	124	**472**	**-**	**-**

14. Movement in provision for bad & doubtful debts

Stage 3	Group Stage 1 £'000	Stage 3 £'000	Total £'000	Company Stage 1 £'000	Stage 3 £'000	Total £'000
As at 1st January 2021	50	941	991	31	686	717
Business activity in the year	380	-	380	90	-	90
Transfers from Stage 1	(314)	314	-	(78)	78	-
Releases	-	(95)	(95)	-	-	-
Write offs	-	(20)	(20)	-	(11)	(11)
Foreign exchange	-	(3)	(3)	-	(3)	(3)
As at 31st December 2021	**116**	**1,137**	**1,253**	**43**	**750**	**793**
Business activity in the year	14	-	14	-	-	-
Transfers from Stage 1	-	-	-	-	-	-
Releases	(116)	(478)	(594)	(43)	(146)	(189)
Write offs	-	(490)	(490)	-	(490)	(490)
Foreign exchange	-	2	2	-	2	2
As at 31st December 2022	**14**	**171**	**185**	**-**	**116**	**116**

The Group utilises a provision matrix to calculate lifetime ECLs for assets that are not credit impaired. All impairment allowances relate to short term trade receivable balances and are classified as either Stage 1 (no significant increase in credit risk since initial recognition) or Stage 3 (credit impaired).

15. Trade and other payables

	Group As at 31 December 2022	Group As at 31 December 2021	Company As at 31 December 2022	Company As at 31 December 2021
Current	**£'000**	**£'000**	**£'000**	**£'000**
Accruals	7,352	6,898	2,865	3,611
Trade payables	22,883	45,641	17,505	38,827
Other payables	1,735	1,308	887	317
Provisions	-	279	-	279
	31,970	**54,126**	**21,257**	**43,034**
Non-current				
Provisions	209	176	209	-
	209	**176**	**209**	**-**

All provisions above relate to leasehold property charges.

16. Risk

An explanation of the Group's significant financial risk management objectives, policies and strategies is set out below.

The Board acknowledges the critical importance of sound and prudent risk and capital management practices to achieving the Group's strategic objectives and its own responsibility for satisfying itself that such practices are embedded into the day-to-day management of the Group's affairs.

The World First Group has adopted a 'three lines of defence' model to manage its principal business risks:

1. Line 1 is risk management: primary responsibility for strategy, performance and risk management lies with the Board, Management Risk Committee and the Heads of each department.
2. Line 2 is risk oversight: risk oversight is provided by the Risk Team.
3. Line 3 is independent assurance: independent assurance on the effectiveness of the risk management systems. Using a risk based approach the internal audit function provides assurance to the Board on how effectively the organisation assesses and manages its risks, including the manner in which the first and second lines of defence operate.

The Company's activities expose it to a variety of financial risks as outlined below.

Market risk

The main market risk to which the Group is exposed is the risk of loss due to adverse changes in foreign exchange rates.

On the legacy trading platform, customer positions are immediately matched and hedged with our counterparty banks using exactly the equivalent financial instruments to ensure that all aspects of a client position matches. As a result of this matching, the Group has limited foreign exchange market risk as the exposure arising on the contracts with customers is matched by contracts with the Company.

Some market risk is observed as a result of the CNH/CNY conversion for the E-commerce business. For this purpose the Board has approved a notional exposure intraday and overnight. The Group only enters into proprietary trades for hedging activities.

On the new iPay platform which is being implemented across the Group, exposures are warehoused and cross split, they are then covered against USD every 2 minutes which ensures the risk profile remains low. Other trading strategies may be deployed in the future to lower this risk profile. Reporting is real time with daily summaries available to monitor any adverse trading sessions.

Foreign currency risk

The Group is exposed to foreign currency risk due to transactions made in non-functional currency. Foreign currency risk for the subsidiaries is transferred to the parent company by selling down exposures to non-functional currencies. Exposure to foreign exchange risk is monitored on an ongoing basis to ensure that the net exposure is at an acceptable level.

The below sensitivity analysis illustrates potential movement in the statement of comprehensive income and has been prepared based on reasonably possible changes in exchange rates that would happen one at a time and assumes all other variables are held constant.

An increase in exposures against USD and HKD in 2022 is largely in relation to intercompany positions. These positions are monitored regularly for settlement to ensure risks are minimised.

Group

Sensitivity of profit before tax to a +/- 5% change in foreign exchange rates

	2022	2021
	£'000	£'000
USD	2,497	172
HKD	(1,246)	(54)
SGD	(211)	(99)
EUR	152	(8)
Other	211	(55)
Total	**1,403**	**(44)**

Company

Sensitivity of profit before tax to a +/- 5% change in foreign exchange rates

	2022	2021
	£'000	£'000
USD	2,569	104
HKD	(1,278)	(54)
SGD	(213)	(99)
EUR	(187)	(76)
Other	303	(23)
Total	**1,194**	**(148)**

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a customer or counterparty default on their obligations. The Company's exposure to credit risk arises primarily from cash and cash equivalents, amounts due from related companies and trade and other receivables and in relation to transactions where the Group enters into derivative contracts requiring settlement by the other party or cash holdings.

The carrying amount of financial assets recognised in the balance sheet represents the Group's maximum exposure to credit risk at the reporting date with the exception of derivative financial instruments which were adjusted by a credit valuation adjustment (CVA). The CVA represents the credit risk associated with the derivative financial instrument based on the probability of default of the underlying client or counterparty bank.

The table below shows the Group and Company's maximum exposure to credit risk for its derivative financial instruments:

	Group As at 31 December 2022	Group As at 31 December 2021	Company As at 31 December 2022	Company As at 31 December 2021
	£'000	£'000	£'000	£'000
Financial instruments				
Long term (note 12)	2,649	438	2,694	455
Short term (note 12)	14,591	10,255	15,560	11,217
Carrying Value	17,240	10,693	18,254	11,672
Credit valuation adjustment	359	107	248	85
Total maximum exposure	17,599	10,800	18,502	11,757

The Client terms and conditions require clients to provide collateral which provides further mitigation to the derivative financial instruments credit risk exposures detailed above. As at 31 December 2022 total collateral held by the Group is £3.9m (2021: £3.6m) of which £3.2m (2021: £2.7m) is held by the Company. The Group and the Company have an obligation to repay the deposit to the counterparties upon the settlement of the client exposures. There are no other significant terms and conditions associated with the use of collateral.

Group policies are aimed at reducing the impact of losses as a result of credit events, and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness assessments. Individual exposures are monitored with customers subject to credit limits to reduce the Group's potential exposure to credit loss.

The Group requests collateral from customers which is determined following an assessment of their risk profile. In respect of the assets due from customers the Group holds cash collateral as security depending on the customers' creditworthiness. There are no other significant credit enhancements in respect of these assets.

Credit risk relating to customer contracts is monitored on a daily basis and additional collateral is sought if appropriate via margin calls.

The Group's policies restrict the counterparty banks with which derivative transactions can be contracted and funds may be deposited only to those approved by the Board. These banks and financial institutions have a high credit rating and management ensures that exposure is spread appropriately.

The Group has a large number of customers, none of which have a material balance due to the Group, and therefore there is no significant concentration of customer credit risk. Customers range from corporates to individuals.

The Group manages its concentration risk with its banking partners by having a variety of banking partners, and ensuring its exposure to any one specific bank is appropriately managed. The Group also only enters into material banking relationships with banks with appropriate credit ratings. The credit worthiness of our banking partners are monitored on a daily basis using credit default swap pricing and monitoring of credit ratings from credit agencies.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to a shortage of funds. The Group's exposure to liquidity risk arises mainly from bank demands to meet margin calls and from mismatches of the maturities of financial assets and liabilities. The Group's policy on liquidity risk management is to maintain sufficient cash and available funding to meet forecast cash movements. Cash balances and forecast cash movements are reviewed on a regular basis to ensure that the Group maintains adequate working capital. The Group's financial assets and liabilities are short term in nature, which mitigates the risk of default on financial obligations.

The maturity profile of the Group and Company's financial assets and liabilities at the year end, based on undiscounted contractual cash flows, is set out on the following pages.

Group As at 31 December 2022	Less than 3 months £ '000	Between 3 to 6 months £ '000	Between 6 to 12 months £ '000	More than 12 months £ '000	Total £ '000
Assets					
Derivative financial instruments	6,295	3,675	4,621	2,649	**17,240**
Cash and cash equivalents	68,718	-	-	-	**68,718**
Cash and cash equivalents held for customers	852,007	-	-	-	**852,007**
Trade and other receivables	26,218	-	-	124	**26,342**
Balances Held for Customers within the Group	1,427,505	-	-	-	**1,427,505**
Amounts due from related companies	34,475	-	-	-	**34,475**
Total assets	2,415,218	3,675	4,621	2,773	**2,426,287**
Liabilities					
Derivative financial instruments	5,071	3,348	3,623	1,933	**13,975**
Lease liabilities	322	286	508	2,499	**3,615**
Trade and other payables	31,970	-	-	209	**32,179**
Amounts due to customers	2,077,117	-	-	-	**2,077,117**
Amounts due to related companies	239,766	-	-	-	**239,766**
Total liabilities	2,354,246	3,634	4,131	4,641	**2,366,652**
Net financial assets	**60,972**	**41**	**490**	**(1,868)**	**59,635**

As at 31 December 2021	Less than 3 months £ '000	Between 3 to 6 months £ '000	Between 6 to 12 months £ '000	More than 12 months £ '000	Total £ '000
Assets					
Derivative financial instruments	3,982	2,848	3,425	438	**10,693**
Cash and cash equivalents	45,259	-	-	-	**45,259**
Cash and cash equivalents held for customers	1,183,988	-	-	-	**1,183,988**
Trade and other receivables	52,861	-	-	472	**53,333**
Amounts due from related companies	6,391				**6,391**
Total assets	1,292,481	2,848	3,425	910	**1,299,664**
Liabilities					
Derivative financial instruments	3,201	1,993	2,899	446	**8,539**
Lease liabilities	337	275	505	205	**1,322**
Trade and other payables	54,126	-	-	176	**54,302**
Amounts due to customers	1,187,686	-	-	-	**1,187,686**
Amounts due to related companies	30,053	-	-	-	**30,053**
Total liabilities	1,275,403	2,268	3,404	827	**1,281,902**
Net financial assets	**17,078**	**580**	**21**	**83**	**17,762**

Company As at 31 December 2022	Less than 3 months £ '000	Between 3 to 6 months £ '000	Between 6 to 12 months £ '000	More than 12 months £ '000	Total £ '000
Assets					
Derivative financial instruments	6,909	3,832	4,819	2,694	**18,254**
Cash and cash equivalents	54,355	-	-	-	**54,355**
Cash and cash equivalents held for customers	324,320	-	-	-	**324,320**
Trade and other receivables	20,014	-	-	-	**20,014**
Balances held for customers within the Group	1,436,222	-	-	-	**1,436,222**
Amounts due from related companies	7,984	-	-	-	**7,984**
Total assets	1,849,804	3,832	4,819	2,694	**1,861,149**
Liabilities					
Derivative financial instruments	6,156	3,875	3,910	1,935	**15,876**
Lease liabilities	159	184	330	505	**1,178**
Trade and other payables	21,257	-	-	209	**21,466**
Amounts due to customers	155,480	-	-	-	**155,480**
Amounts due to customers of subsidiaries	1,587,386	-	-	-	**1,587,386**
Amounts due to related companies	61,917	-	-	-	**61,917**
Total liabilities	1,832,355	4,059	4,240	2,649	**1,843,303**
Net financial assets	**17,449**	**(227)**	**579**	**45**	**17,846**

As at 31 December 2021	Less than 3 months £ '000	Between 3 to 6 months £ '000	Between 6 to 12 months £ '000	More than 12 months £ '000	Total £ '000
Assets					
Derivative financial instruments	4,393	3,244	3,580	455	**11,672**
Cash and cash equivalents	22,103	-	-	-	**22,103**
Cash and cash equivalents held for customers	853,884	-	-	-	**853,884**
Trade and other receivables	44,137	-	-	-	**44,137**
Amounts due from related companies	3,658	-	-	-	**3,658**
Total assets	928,175	3,244	3,580	455	**935,454**
Liabilities					
Derivative financial instruments	4,024	2,772	3,116	438	**10,350**
Lease liabilities	22	7	5	-	**34**
Trade and other payables	43,034	-	-	-	**43,034**
Amounts due to customers	149,799	-	-	-	**149,799**
Amounts due to customers of subsidiaries	706,726	-	-	-	**706,726**
Amounts due to related companies	25,030	-	-	-	**25,030**
Total liabilities	928,635	2,779	3,121	438	**934,973**
Net financial assets	**(460)**	**465**	**459**	**17**	**481**

The maturity profile of the Group's financial liabilities is closely matched by the maturity profile of its financial assets. To manage its liquidity the Group normally requires payment of trades with customers in advance of settling trades with the banks. The liquidity risk is also mitigated by the collateral received from customers.

Ant Group is committed to supporting the ongoing capital position of the Group. They have indicated, by way of a letter of support, their ongoing unconditional support for the present and future financial obligations of the Group.

COVID

The impact of COVID is described in the Strategic Report on page 7.

We continue to monitor the COVID situation and will take further action as necessary.

Other risks

The Group has exposure to other risks including operational, regulatory, reputational, geopolitical and climate risk.

Operational risk is the risk of loss resulting from inadequate internal processes, people and systems or from external events.

Reputational risk is the risk of damage to the Group or Company's brand or reputation which could lead to further financial risk including risk to earnings, capital or liquidity.

The Group is subject to regulation by local regulatory authorities as detailed on the Directors' Report on page 9. Regulatory risk is the risk of changes by such authorities that could adversely affect the business. This includes regulatory capital and own funds requirements. Capital management is detailed in note 17 below.

Geopolitical risks are those associated with tension or conflict between regions, for example, the war between Russia and Ukraine.

Climate risk is the risk associated with climate change.

The Board and Management of the Group regularly monitor key risks through the Risk Management Committee which tracks indicators for each category of risk to which the Group is exposed.

17. Capital Management

Total capital is defined as share capital and reserves attributable to the equity owners of the Company.

The Board monitors the Group's capital and cash positions regularly to ensure the Group has adequate capital and liquidity to trade and take advantage of business opportunities.

Individual subsidiaries are subject to legal and regulatory capital requirements dependent upon the scale of operations and the products they offer. The Board monitors the capital structure of each subsidiary against these requirements in addition to reviewing periodically the overall capital requirements and capital resources of the Group.

Under the electronic money regulations, the Company is required to hold capital equivalent to 2% of the moving six month average outstanding E-money liabilities at the end of each calendar day and was in compliance for the period ended 31 December 2021 and 2022.

18. Fair value estimation

Recurring fair value measurement

In accordance with IFRS 13 the Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 Inputs: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The forward currency contract asset and liabilities of the Group are categorised as Level 2.

The Group utilises valuation techniques that use observable inputs. A third party derivative analytics software is used to value forward currency contract assets and liabilities based on observable market data. The Group determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. The fair values of over the counter (OTC) financial instruments are determined using appropriately tested valuation models. A fair value adjustment for counterparty credit risk associated with the derivative financial instrument, known as a Credit Valuation Adjustment (CVA), is also based on observable inputs.

The following table summarises the derivative financial assets and liabilities measured at fair value.

	Group	Company
As at 31 December 2022	**Level 2**	**Level 2**
	£'000	**£'000**
Assets		
Forwards	17,240	18,254
Total assets	17,240	18,254
Liabilities		
Forwards	13,975	15,876
Total liabilities	13,975	15,876
As at 31 December 2021		
Assets		
Forwards	10,693	11,672
Total assets	10,693	11,672
Liabilities		
Forwards	8,539	10,350
Total liabilities	8,539	10,350

There were no instruments in either level 1 or level 3 for either the Group or Company at 31 December 2022 or 2021 and there were no transfers between levels during the year ended 31 December 2022 or 2021.

For all other non-derivative financial instruments, carrying value is considered to be a reasonable approximation of fair value.

19. Share capital

	31 December 2022 Number thousands	31 December 2021 Number thousands	31 December 2022 £'000	31 December 2021 £'000
Authorised				
Ordinary share of £0.01 each	8,060,000	6,660,000		-
Ordinary shares class B of £0.01 each	40,000	40,000		-
Ordinary shares class C of £0.01 each	21	21		-
Ordinary shares class D of £0.01 each	44	44		-
Ordinary shares class E of £0.01 each	6	6		-
Ordinary shares class F of £0.01 each	11	11		-
Allotted, issued and fully paid				
Ordinary shares of £0.01 each (2021: £0.01)				
Opening balance	6,660,000	6,060,000	66,600	60,600
Issued in the year	1,400,000	600,000	14,000	6,000
Closing balance	8,060,000	6,660,000	80,600	66,600
Ordinary shares class B of £0.01 each				
Opening balance	40,000	40,000	400	400
Closing balance	40,000	40,000	400	400
Ordinary shares class C of £0.01 each				
Opening balance	21	21	-	-
Closing balance	21	21	-	-
Ordinary shares class D of £0.01 each				
Opening balance	44	44	1	1
Closing balance	44	44	1	1
Ordinary shares class E of £0.01 each				
Opening balance	6	6	-	-
Closing balance	6	6	-	-
Ordinary shares class F of £0.01 each				
Opening balance	11	11	-	-
Closing balance	11	11	-	-
Total			**81,001**	**67,001**

During the year ending 31 December 2022, Alipay (Hong Kong) Holding Limited injected equity capital of £14m (2021: £6m) at £0.01 per ordinary share into the Company.

Ordinary shares share ratably in the payment of distributions which are allocated on an aggregate basis as detailed in the Articles of Association. The holders of these shares are entitled to receive notice of, attend and speak at general meetings of the Company and to vote on resolutions. Ordinary shares have full dividend rights and do not confer any rights of redemption.

Ordinary B shares share ratably in the payment of distributions which are allocated on an aggregate basis to this share class as detailed in the Articles of Association. These shares carry the right to receive notice of, attend and speak at general meetings and to vote on resolutions. These shares carry full dividend rights and do not confer any rights of redemption.

Ordinary C shares which were issued during 2014 and 2015, have no right entitling the holders to participate in any dividend distribution (other than as detailed in the Articles of Association), and are not entitled to receive notice of, attend or speak at general meetings or vote on resolutions. Ordinary C shares do not confer any right of redemption. Ordinary C shares have been issued to employees with the purpose of replacing share options that were previously granted.

Ordinary D shares which were issued during 2014 and 2015, have no right entitling the holders to participate in any dividend distribution (other than as detailed in the Articles of Association), and are not entitled to receive notice of, attend or speak at general meetings or vote on resolutions. Ordinary D shares do not confer any right of redemption. Ordinary D shares were issued to selected employees as incentives.

Ordinary E shares which were issued during 2016, have no right entitling the holders to participate in any dividend distribution (other than as detailed in the Articles of Association), and are not entitled to receive notice of, attend or speak at general meetings or vote on resolutions. Ordinary E shares do not confer any right of redemption. Ordinary E shares were issued to selected employees as incentives.

Ordinary F shares which were issued during 2017 and 2018, have no right entitling the holders to participate in any dividend distribution (other than as detailed in the Articles of Association), and are not entitled to receive notice of, attend or speak at general meetings or vote on resolutions. Ordinary F shares do not confer any right of redemption. Ordinary F shares were issued to selected employees as incentives.

During the periods to 31 December 2018, 31 December 2017 and 31 December 2016, the Company issued ordinary shares of class E and F as part of its share based payments arrangements with its staff. See note 20.

20. Share based payments and reserves

Ant Group Co., Ltd, the ultimate holding company of the Group, operates equity settled share option schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the schemes include the employees of the Group.

Restricted Share Units ("RSU")

Options granted under the scheme are exercisable up to six years from the date of grant. These shares are recognised (i) immediately at the grant date if no vesting conditions are required, or (ii) over the requisite service period for each tranche, net of estimated forfeitures. Vesting of the shares is conditional upon the fulfilment of requisite service conditions to the company. The vesting schedule has two types (i) 50% (after 2 years), 25% (after 3 years), 25% (after 4 years) or (ii) 25% annually.

The weighted average exercise prices of the RSU outstanding at the end of the year is nil per share and their weighted average contractual life is 4.84 years (2021: 4.69 years).

Fair value of restricted share units ("RSU") under the Scheme are determined by a valuation model taking into consideration the fair value of the underlying shares on grant date. The fair value at the grant date of the share options granted is determined by the Binomial model based on the following assumptions: an expected dividend pay-off ratio of nil, an expected option life of six years, an exercise price of zero, a volatility rate based on comparable companies and a risk-free interest rate between 2.51% and 2.73%.

During the year ended 31 December 2022, there was a charge of £1,335k to the statement of profit or loss in relation to these shares (2021: £1,859k).

Stock Appreciation Rights (SAR)

Stock Appreciation Rights ("SAR") are granted to employees of the Company by Ant International. The fair value of SAR at the grant date is based on the fair value of an ordinary share of Ant Group Co. Ltd. The vesting of SAR is conditional upon the fulfilment of requisite service conditions to the Company and SAR will be settled by Ant International according to the SAR plan.

During the year ended 31 December 2022, there was a charge of £362k (2021: £61k) to the statement of profit or loss in relation to these shares.

The following table lists the inputs to the option pricing model for the year ended 31 December 2022:

SAR	
Expected life (in years)	6.00
Expected volatility	25.24% - 25.61%
Risk-free interest rate	2.51% - 2.72%
Expected dividend yield	0%

21. Dividends

No dividend was declared for the year ended 31 December 2022 (2021: nil).

22. Related party transactions

As specified in Note 2, the Company has taken advantage of the exemption under FRS 101 and IAS 24 *Related Party Disclosures* not to disclose transactions with wholly owned subsidiaries.

The Company and its subsidiaries are owned by Alipay (Hong Kong) Holding Limited, an affiliate of Ant Group. Ant Group is the ultimate parent company of the Group. Ant Group is an affiliate of Alibaba Group.

The Company outsources activities to World First Services Limited, a subsidiary of Alipay (Hong Kong) Holding Limited. World First Services Limited is an intergroup services entity which provides a range of services to companies within the World First Group and makes use of certain resources of the Company in order to do so.

Income from World First Services Limited represent fees for the provision of resources. Charges from World First Services Limited are subject to contractual arrangements and represent fees for services provided to the Company and its subsidiaries. Charges are split between partial reimbursement of costs and charges linked to profitability, with the latter resulting in an increase in charges during 2022.

Income from other Ant Group companies is in relation to:

i) fees for cross border payment and settlement services provided by the Group
ii) the sale of customers to Ant Merchant Services Pte. Ltd.

The Group entered into new service arrangements with other Ant Group companies during 2022 resulting in an increase in income from other Ant Group companies during the year.

The World First Group's balances with Ant Group companies and Alibaba companies are shown within amounts due to/from related parties and Balances for Customers within the Group on the Consolidated Balance Sheet. The balances are unsecured, interest free and repayable on-demand. The Company's balances with World First Group subsidiaries are shown on the Company Balance Sheet.

Amounts due to and charges from Alibaba companies represent fees for services provided to the Group.

Following the migration to the new iPay platform which is being implemented across the Group, Alipay Global Markets (Singapore) Pte Ltd, which is the FX & Liquidity Centre for Ant Group, provides foreign exchange, liquidity management and intragroup settlement services to World First Group.

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Amounts due from related companies		
Amounts due from Ant Group companies to World First Group subsidiaries	27,392	4,343
Amounts due from Ant Group companies to Parent Company	7,083	2,048
Amounts due from World First Group subsidiaries to Parent Company	901	1,610
	35,376	**8,001**
Amounts due to related companies		
Amounts due from World First Group subsidiaries to Ant Group companies	226,602	29,917
Amounts due from World First Group subsidiaries to Alibaba companies	234	82
Amounts due from Parent Company to Ant Group companies	12,930	54
Amounts due from Parent Company to World First Group subsidiaries	48,987	24,976
	288,753	**55,029**
Charges from World First Services Limited	(25,060)	(2,872)
Charges from other Ant Group companies	(10,246)	(8,795)
Charges from Alibaba companies	(234)	(81)
Income from World First Services Limited	2,490	3,417
Income from other Ant Group companies	24,457	4,477

Amounts due to/from related companies have been netted on the Company Balance Sheet in accordance with note 2 i).

The impact of netting on the Company Balance Sheet is shown below.

As at 31 December 2022	Gross	Net Settled	Balance Sheet Net
	£'000	£'000	£'000
Current assets			
Amounts due from related companies	1,066,235	(1,058,251)	7,984
	1,066,235	**(1,058,251)**	**7,984**
Current liabilities			
Amounts due to related companies	1,120,168	(1,058,251)	61,917
	1,120,168	**(1,058,251)**	**61,917**

As at 31 December 2021	Gross	Net Settled	Balance Sheet Net
	£'000	£'000	£'000
Current assets			
Amounts due from related companies:	618,500	(614,842)	3,658
	618,500	**(614,842)**	**3,658**
Current liabilities			
Amounts due to related companies	639,873	(614,843)	25,030
	639,873	**(614,843)**	**25,030**

The Group had certain amounts of cash held in accounts managed by other Ant Group Companies in connection with payment processing and settlement services. For the year ended 31 December 2022, £4.1m (2021: £7.9m) was classified as cash and cash equivalents and £4.7m (2021: £0.3m) as a reduction in cash and cash equivalents held for customers on the Consolidated Balance Sheet.

Stichting Derdengelden World First Netherlands B.V. (Foundation entity) holds safeguarded client money on behalf of World First Netherlands B.V. and is therefore a related party. The Foundation entity held £53,441k of client funds as at 31 December 2022 (2021: £46,809k).

The remuneration of one key member of the management team is included in the Directors' remuneration in note 5.

23. Customer balances

Assets in the balance sheet include the following monies held on behalf of customers.

	Group 31 December 2022 £'000	Group 31 December 2021 £'000	Company 31 December 2022 £'000	Company 31 December 2021 £'000
Cash and cash equivalents held for customers	852,007	1,183,988	324,320	853,884
Balances held for customers within the Group	1,427,505	-	1,436,222	-
	2,279,512	**1,183,988**	**1,760,542**	**853,884**

Balances held for customers within the Group recognises that:

- the subsidiaries hold customer cash on behalf of the Company; or
- Alipay Global Markets (Singapore) Pte Ltd holds customer cash on behalf of the Group

24. Non adjusting Post balance sheet events

Subsequent to year-end, the Company finalised the transfer of 100% of its shares in World First Asia Limited to Ant Innovation (Singapore) Holding Pte. Ltd, a fellow Ant Group company. The transfer was approved in January 2023 based on the assessment of the capital benefits, the strategic alignment of the legal entities and the cost of the transaction (including tax considerations).

World First Asia Limited was transferred for a value of £9.14m which will result in an estimated profit of £1m for the Company and an estimated loss of £10m for World First Group being recognised in 2023. As a result of the transaction, World First Asia Limited, which contributed 64% of the consolidated revenue and 70% of the consolidated profit in 2022 is no longer a subsidiary of the Company and will no longer be consolidated in the World First Group effective from 1st January 2023.

No other significant non-adjusting events have occurred between the reporting date and the date of authorisation.

25. Leases

The Group leases a number of its offices under non-cancellable lease agreements.

Set out below is the carrying amount of right-of-use assets recognised and the movements during the years:

Leasehold Property	Group £'000	Company £'000
As at 1 January 2021	**3,473**	**1,274**
Retranslation adjustment	(41)	-
Modifications	95	-
Depreciation expense	(2,074)	(1,012)
As at 31 December 2021	**1,453**	**262**
Retranslation adjustment	85	-
Additions	2,480	-
Modifications	893	1,645
Depreciation expense	(1,437)	(757)
As at 31 December 2022	**3,474**	**1,150**

Set out below is the carrying amount of lease liabilities and the movements during the years:

Leasehold Property	Group £'000	Company £'000
As at 1 January 2021	**3,347**	**1,057**
Retranslation adjustment	(40)	-
Additions	-	-
Modifications	70	(6)
Accretion of interest	105	30
Payments	(2,160)	(1,047)
As at 31 December 2021	**1,322**	**34**
Current	**1,117**	**34**
Non-current	**205**	**-**
Retranslation adjustment	113	-
Additions	2,480	-
Modifications	834	1,655
Accretion of interest	130	47
Payments	(1,265)	(558)
As at 31 December 2022	**3,615**	**1,178**
Current	**1,116**	**673**
Non-current	**2,499**	**505**

The following are the amounts recognised in profit or loss:

	Group Year ended 31 December 2022 £'000	Group Year ended 31 December 2021 £'000	Company Year ended 31 December 2022 £'000	Company Year ended 31 December 2021 £'000
Depreciation expense on right-of-use assets	1,437	2,074	757	1,012
Interest expense on lease liabilities	130	105	47	30
Expense relating to short-term leases	13	26	13	26
	1,580	**2,205**	**817**	**1,068**

There were no leases of low-value assets, leases with residual value guarantees or leases not yet commenced to which the Group is committed.

Interest expense on lease liabilities is disclosed as finance costs in the Statement of Comprehensive Income.

The total cash outflow for leases for the year ending 31 December 2022 is £1.6m (December 2021: £2.2m).

The future minimum payments due under non-cancellable operating leases were as follows:

	Group 31 December 2022 £'000	Group 31 December 2021 £'000	Company 31 December 2022 £'000	Company 31 December 2021 £'000
Operating lease payments due:				
Within one year	1,210	1,157	715	32
In one to five years	2,361	213	529	-
In more than five years	458	-	-	-
	4,029	**1,370**	**1,244**	**32**

A dilapidation provision is made when there is a requirement for dilapidation costs to be met by the Group or Company under the contractual lease terms and conditions.

Lease provisions were as follows:

	Group 31 December 2022 £'000	Group 31 December 2021 £'000	Company 31 December 2022 £'000	Company 31 December 2021 £'000
Dilapidations				
Current	-	279	-	279
Non-current	209	176	209	-
	209	**455**	**209**	**279**

26. Pension commitments

The Group and Company operate defined contribution pension schemes. The pension cost charge for the year was £0.5m for the Group and £0.1m for the Company (December 2021: Group £0.6m and Company £0.2m). Included on the balance sheet were amounts due to the pension scheme of £13k for the Group and £13k for the Company (December 2021: Group £3k and Company £3k).

27. Contingent liabilities and commitments

The Group does not have any significant contingent liabilities or commitments apart from the ones disclosed in Note 25 Leases.