

Moneycorp Shared Services Limited

Annual report and financial statements

for the year ended 31 December 2022

Registered number: 10824121



Moneycorp Shared Services Limited

Company information

Company registration number
10824121

Date of incorporation
17 June 2017

Registered office
Floor 5, Zig Zag Building
70 Victoria Street
London
SW1E 6SQ

Independent auditor
BDO LLP
55 Baker Street
London
W1U 7EU

Directors
V Tarashev
E Alley (appointed 6 April 2023)
P Green (appointed 6 April 2023)

Moneycorp Shared Services Limited

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Moneycorp Shared Services Limited

Strategic report

For the year ended 31 December 2022

The Directors present their strategic report for Moneycorp Shared Services Limited ('the Company') for the year ended 31 December 2022. The Company is incorporated and domiciled in England and Wales, United Kingdom (UK).

Principal activities and overview

The Company is part of the Moneycorp Group (see note 23 to the financial statements for the definition of the Moneycorp Group) – a world-leading cross-border (XB) payments business with banking licences and operations across the entire value chain of the international payments and foreign exchange industry. The Moneycorp Group is well diversified by business line, geography and client profile, with high retention rates (overall Moneycorp Group revenue retention for the year, from our existing corporate client base was 113%, increasing from 108% in 2021).

Moneycorp has an enviable position at the heart of a vast and growing market. Our technology, regulatory credentials and client-centric approach sets us apart. Our breadth of product offering and multichannel approach enables our clients to manage currency risk and perform XB payments seamlessly. Underpinning this is our RegTech engine, providing leading compliance processes and client protection tools.

The principal activity of the Company is the provision of support services for the Moneycorp Group. The Company recharges these costs plus a mark-up to the revenue generating entities within the Moneycorp Group to whom support services are provided.

With over 40 years of market experience and industry knowledge, the Moneycorp Group has expanded to now operate in many of the world's largest markets, with offices and employees in the UK, Europe, United States of America, Canada, Brazil, Hong Kong and United Arab Emirates (UAE) totaling 609 employees as at 31 December 2022. The Company and Moneycorp Group are headquartered in London, UK.

Operational review

In 2022, the business saw an increase in revenue and levels of profitability before tax as a result of increased expenses incurred which have subsequently been recharged to other Moneycorp Group entities. There has been no change in the mark-up charged between the two reporting years.

The profit for the year after taxation amounted to £963k (2021: £871k). The net assets of the Company at 31 December 2022 were £4,241k (2021: £3,224k).

Outlook

The Moneycorp Group's strategy is to grow and solidify its position as a world-leading and truly global digital payments platform. The outlook for the Company is to continue to provide support services to facilitate the Group strategy. The Directors are not envisaging any significant changes to the business in the next 12 months.

Going concern

The Directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis and this is the basis which has been applied. The assessment of going concern has been undertaken by considering the risk factors outlined below and events arising subsequent to year end. Refer to the Directors' Report for further details.

Risk management

The Company's risk management framework is designed to ensure that material business risks throughout the organisation are identified and effectively managed. The Company operates a risk management model with three lines of defence, being management control, risk and compliance oversight functions and independent assurance. All levels of the organisation, from the Board and executive committee down, hold responsibility for risk management.

Moneycorp Shared Services Limited

Strategic report (continued)

For the year ended 31 December 2022

Risk management - continued

The Company has identified the following key areas of risk:

Operational risk

Operational risk refers to the risk of internal process failures, system malfunctions, inadequate staffing or management, and other related risks within the organisation. Management at all levels of the organisation are responsible for identifying, managing and controlling operational risk exposures. To ensure effective internal controls, the Company and Moneycorp Group have implemented organisational structures, such as having a Chief Risk & Compliance head, Company-wide segregation of duties and delegation of authority. Systems are designed to minimise the risk of failing to achieve business objectives, although they cannot provide absolute assurance against material misstatement or loss.

The Company's operational budgets include appropriate investment levels to maintain critical systems and processes, protect client data, and train and develop staff.

The Company also maintains insurance to limit exposure to operational risk.

Cyber and technology risk

The Company and wider Moneycorp Group has adopted the three lines of defence model for managing information and cyber security risks. The second line of defence is provided by the Information Security Team, led by the Chief Information Security Officer, and reports to the Chief Risk and Compliance Officer.

In December 2022, the Moneycorp Group was awarded the ISO 27001 security accreditation, which has enhanced its overall protection against technology-based risks and its ability to withstand cyber attacks. Additionally, the Company requires all staff to undergo mandatory security training to increase their awareness of the potential threats and tactics used by cyber criminals.

People risk

People risk refers to the risk that the Company may not be able to attract and retain qualified professionals necessary to accomplish its goals while complying with relevant Group regulations. To mitigate people risk, the Company:

- implements strategic recruitment and retention plans;
- establishes clearly defined roles and responsibilities, including risk management and performance evaluation; and
- utilises reward systems that consider overall performance.

Climate-related risk

As the world focuses more on the impacts of climate change, governments, businesses, and stakeholders alike are increasingly prioritising it. We understand our responsibility to our community and in 2022 implemented our climate and broader ESG policies. We are now in the process of establishing appropriate committees to gain a better understanding of the potential impact of climate-related risk on our business operations. We aim to be prepared for any future mandatory reporting requirements.

Financial risks

Liquidity risk - Liquidity risk is the risk that the Company will encounter difficulty in meeting its short-term financial obligations as they fall due. The Directors consider that the combination of Moneycorp Group support with other credit facilities provide sufficient liquidity to meet the funding requirements for the Company.

Credit risk - Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Given the counterparties are primarily other Moneycorp Group entities and reputable banks, the Company is not exposed to any material credit risk.

Further details regarding financial risk management are outlined in note 19 to the financial statements.

Impact of the war in Ukraine on the Company's risk management

Whilst there is no direct impact on the Company, the Directors continues to monitor the current Ukraine conflict. Following the invasion on 24 February 2022 the wider Moneycorp Group Board reviewed all clients and transactions and confirmed full compliance with all applicable international sanctions.

Moneycorp Shared Services Limited

Strategic report (continued)

For the year ended 31 December 2022

Directors' duties under Section 172 of the Companies Act 2006

The Directors are mindful of their responsibilities under section 172 of the Companies Act 2006. Whilst performing their duties the Directors have acted in a way that they consider, in good faith, to be most likely to promote the success of the Company for the benefit of its members whilst taking into consideration a range of stakeholders' views/issues. This includes consideration of the following points:

- the likely consequences of any decisions in the long-term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, clients and others;
- the impact of the Company's operations on the community and environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the Company.

The intention of the Directors is to behave responsibly and ensure that management operate the business in an appropriate manner, operating with a high standard of conduct. The intention is to nurture the Company's reputation through the relationships that are created and managed with key stakeholders.

Important decisions that could have an impact on the stakeholders are discussed in an open and transparent manner. As an example, the Company CEO hosted interactive town hall meetings for all colleagues to provide information on the business's performance and strategic priorities. Management talked openly during the year with employees regarding the uncertain market conditions and global cost of living crisis. To support our people during this time the Company made an additional cost of living payment to staff. The payment was weighted to provide the most generous amount to those who earn the least.

The Company is committed to employee involvement as it believes that its business objectives are best achieved if the Company's employees understand and support the strategy. As a Company we act with honesty and integrity and recognise that well trained, highly motivated staff are our most important asset. In addition, training is available and provided to all levels of staff, and investment in employee development is a priority. The Directors ensure communication to employees regarding any key decisions that impact the business is done regularly and openly. During the year we refreshed our on boarding programme to provide a more comprehensive and enhanced induction into Moneycorp's corporate structure and culture for our colleagues.

As a leading organisation, we value community engagement and strive to make a positive impact. In partnership with Future Frontiers, a number of our staff completed training in 2022 to provide career coaching and access to professional role models for young people from disadvantaged backgrounds.

Good ethics, good business and best practice are compatible and produce the best long term results. The Moneycorp Group's values of accountability, integrity, collaboration, determination and recognition are embedded throughout the business.

Environmental, Social, and Governance (ESG) reporting

The Company and wider Moneycorp Group recognises that it has a responsibility to the communities in which it operates. We have implemented our 2022 ESG strategy and established our three 'Pillars of ESG' with measurable progress made against each. We understand that we have a responsibility to make positive contributions to society, beyond just providing products and services. Our goal is to serve as a model of global best practices.

Our guiding beliefs are:

- Businesses have the power to make a positive impact on the world;
- We must invest in our planet;
- The individual has the power to effect change; and
- Well-governed businesses outperform and are more resilient.

We strongly believe in the principles of good governance and take personal responsibility for the impact our operations have on the communities where we operate, and on the world at large.

In 2022, our ESG Board Champion (Chief Counsel, and Chief Risk and Compliance Officer (CRCO)) led a successful project team to develop and implement our ESG policy, strategy and programme, with initial implementation beginning in Q4 and now overseen by the newly appointed Head of ESG.

Moneycorp Shared Services Limited

Strategic report (continued)

For the year ended 31 December 2022

Moneycorp's 3 strategic Pillars of ESG

Tackling Street Homelessness

A key social initiative for Moneycorp is to tackle street homelessness. Thus far, a corporate partnership has been established with The Passage in Westminster, Central London (www.passage.org.uk). A number of the Company's employees volunteered to support The Passage. This took the form of a day-long street charity collection and a kitchen takeover event where staff prepared the lunch and Christmas dinner for The Passage's homeless clients.

Empowering Women

Moneycorp Group organised and ran a learning and development course for women using external providers which was attended by female employees of the Company. The course was titled 'Presentation Advantage' and aimed at teaching participants how to deliver presentations confidently and in an impactful way. Rebalancing skills accessibility is key to developing and empowering our women to reach equality. Leveraging independent external parties, we have facilitated group discussions with our female workforce centred on Moneycorp's culture around female empowerment and identified areas for improvement.

Environment

We are committed to achieving net zero as encouraged by the UK Government, in advance of 2050. To do this, we will focus on implementing and progressing initiatives that we identify as being material to our business operations and ethical beliefs, and are assessed as being likely to lead to significant direct or indirect social or environmental benefits.

Environmental commitments are set out in the Group policy and strategy. We acknowledge our role in the transition to the low carbon economy as well as the risks and opportunities that this presents. We aim to lower our carbon footprint and achieve net zero by 2050 by using science-based targets and are committed to delivering a plan to get there by 2025.

Diversity, equity and inclusion (DE&I)

The Company's policy is not to discriminate against anyone, on any grounds. The Company is committed to employment policies which follow best practice, based on equal opportunities for all, irrespective of age, sex or sexual orientation, race, colour, disability or marital or civil partnership status. The Company gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Company.

We continued to strengthen our learning and development delivery through The Moneycorp Academy. Our established academy framework focuses on three tiers of development; individual contribution, management effectiveness and leadership excellence. In 2022, we added six new courses to the 16 already established, including topics such as Presentation Advantage, Leading Remote Teams, Leading Change, Project Management Essentials, The Six Critical Practices for Leadership and The Four Essential Roles of Leadership.

Moneycorp Shared Services Limited **Strategic report (continued)** For the year ended 31 December 2022

GHG emissions and energy consumption

The Company's scope 1 and 2 GHG emissions and total energy consumption associated with its operations are outlined below.

The method used for calculating GHG emissions is in line with the GHG Protocol Corporate Accounting and Reporting Standard. Energy consumption figures in kWh were obtained from electricity invoices for each relevant site. Consumption through the use of fuel was obtained through spend data which was converted into mileage figures. Energy consumption and mileage figures have been converted into tonnes of carbon dioxide equivalent (tCO₂e) and kWh respectively using the UK Government GHG Conversion Factors for Company Reporting 2022.

Average Company FTE for the year has been used as the denominator to calculate the associated GHG emission intensity.

GHG emissions

	2022		2021	
	GHG Emissions (tCO ₂ e)	GHG Emissions Intensity (tCO ₂ e / FTE)	GHG Emissions (tCO ₂ e)	GHG Emissions Intensity (tCO ₂ e / FTE)
Emissions source				
Scope 1 (direct)	-	-	-	-
Scope 2 (energy indirect)	48.9	0.40	50.0	0.37
Total	48.9	0.40	50.0	0.37

Energy consumption

	2022		2021	
	Energy consumption (kWh)	Energy Intensity (kWh/ FTE)	Energy consumption (kWh)	Energy Intensity (kWh/ FTE)
Source of energy consumption				
Natural gas controlled by leased building managers (scope 2)	54,626	443.8	135,034	1,006.0
Purchased electricity (scope 2)	201,187	1,634.6	118,757	884.7
Emissions from business travel in rental cars or employee-owned vehicles (scope 3)	7,808	63.4	2,083	15.5
Total	263,621	2,141.8	255,874	1,906.2

Actions taken to improve energy efficiency

Opportunities to implement energy efficiency measures are limited due to most sites being leased as opposed to owned. The Company has however taken steps to reduce electricity emissions where possible including working closely with landlords to perform testing over energy efficiencies of our office and identify areas for improvement.

Additionally, the Company offers a cycle to work scheme and an electric car scheme to encourage employees to use environmentally friendly transport for their commute to the Company's offices.

Litigation

The Company is not involved in any legal proceedings or commercial disputes.

Moneycorp Shared Services Limited
Strategic report (continued)
For the year ended 31 December 2022

Subsequent events

There are no material subsequent events to disclose between the reporting date and the date of signing this report.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'E Alley', with a stylized flourish at the end.

E Alley
Director
28 August 2023

Moneycorp Shared Services Limited

Directors' report

For the year ended 31 December 2022

The Directors present their report and the audited financial statements of Moneycorp Shared Services Limited ('the Company') incorporated and domiciled England and Wales, United Kingdom (UK) for the year ended 31 December 2022.

Controlling interest

The holding company of the Moneycorp Group (see note 23 to the financial statements for the definition of the Moneycorp Group) is Moneta Topco Limited (100% effective holding), a company incorporated and registered in Jersey, Channel Islands. The ultimate controller of Moneta Topco Limited is Bridgepoint Europe IV (Nominees) Limited.

Principal activities and outlook

The principal activity of the Company is the provision of support services for the Moneycorp Group.

A review of the business and future developments, including subsequent events, along with the Company's risk management are described within the Strategic Report on pages 3-8.

Directors

The Directors listed below have served the Company during the year and up to the date of signing the financial statements unless otherwise stated:

Executive Director	Velizar Tarashev
Executive Director	Emma Alley (appointed 6 April 2023)
Executive Director	Peter Green (appointed 6 April 2023)
Executive Director	Mark Horgan (resigned 5 April 2023)
Executive Director	Andrew Harrison (resigned 13 January 2022)

None of the Directors hold any interest in the shares of the Company.

Further details about the Company can be found in the Company Information on page 1.

Results and dividends

The statement of comprehensive income for the year ended 31 December 2022 is set out on page 15.

No interim dividends were declared during the current or prior year and the Directors do not recommend the payment of a final dividend (2021: nil).

Charities and political donations

Donations of £38k were made during the year for charitable purposes (2021: nil). No donations were made for political purposes during the year (2021: nil).

Going concern assessment

The Directors assess the Company's going concern for a period of at least 12 months from the signing of the annual report and financial statements. The assessment has been undertaken by considering the risk factors and events arising subsequent to year end, outlined in the Strategic Report.

In making this assessment the Directors considered:

- whether there is sufficient liquidity and financing to support the Moneycorp Group's business (including the Company), its corporate transactions and future trading;
- whether post balance sheet trading is in line with expectations;
- if the Company and Moneycorp Group would be able to trade after the impact of a reasonable downside scenario on performance (stress testing);
- the adequacy of insurance cover;
- the continued availability of financing facilities and trading lines;
- the regulatory environment in which the Moneycorp Group operates;
- the effectiveness of risk management policies, in particular, business continuity, compliance, regulatory and counterparty risks; and
- the financial support from the intermediate and ultimate holding companies to support its business.

Performance subsequent to the reporting date:

Despite the challenging market conditions, the Company and the wider Moneycorp Group have continued to perform well, and are keeping pace with performance from the prior year.

Moneycorp Shared Services Limited

Directors' report (continued)

For the year ended 31 December 2022

Going concern assessment - continued

Assessment:

Going concern of the Company is considered as part of the Moneycorp Group's going concern assessment. As part of this the Directors have undertaken scenario planning to understand the impact on the EBITDA and cash flows for the Moneycorp Group (including the Company). This assessment included various scenarios such as adverse movements to interest rates, inflation, foreign exchange rates and other macroeconomic factors from the 2023 budget, forecasted out for at least 12 months from the signing date of this report.

Even if these scenarios were to eventuate, they would not result in a material adverse impact and therefore the Directors have concluded that the Moneycorp Group and the Company could continue to operate as a going concern. This is supported by the additional following factors:

- the diversity of the Moneycorp Group's operations, product offerings and client base assists in reducing the overall risk;
- the wider Moneycorp Group's existing senior debt facility was refinanced during the year, extending maturing out to 2029. Management continue to maintain positive ongoing relationships with the wider Moneycorp Group's lenders; and
- the agreed financial support from the ultimate controller to the Moneycorp Group in the form of short term funding or increased equity funding in order to support operations.

The Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result if the Moneycorp Group and Company were unable to continue as a going concern.

Directors' responsibilities for the financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standard, 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 will continue in business.

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

Directors' confirmations

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

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

Moneycorp Shared Services Limited
Directors' report (continued)
For the year ended 31 December 2022

Independent auditors

BDO LLP have indicated their willingness to continue in office and a resolution that they will be reappointed will be proposed at the next meeting of the Board of Directors.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'E Alley', with a stylized flourish at the end.

E Alley
Director
28 August 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONEYCORP SHARED SERVICES LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with the UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Moneycorp Shared Services Limited ("the Company") for the year ended 31st December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONEYCORP SHARED SERVICES LIMITED

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which the company operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, those resulting from being authorised by the Financial Conduct Authority to undertake regulated activities and relevant accounting standards.

We considered compliance with this framework through discussions with management and performed audit procedures on these areas as considered necessary. Our procedures involved enquiries with Management, review of the reporting to the directors with respect to compliance with laws and regulation, review of board meeting minutes and review of legal correspondence.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MONEYCORP SHARED SERVICES LIMITED

We focused on laws and regulations that could give rise to a material misstatement in the company financial statements.

Our tests included, but were not limited to:

- We discussed among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. Furthermore, we communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management and those charged with governance;
- testing of journal postings made during the year to identify potential management override of controls;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:

Orla Reilly

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Orla Reilly (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London

Dated: 29 August 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Moneycorp Shared Services Limited **Statement of comprehensive income**

For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Continuing operations:			
Revenue	7	25,857	18,043
Administrative expenses	8	(24,317)	(17,082)
Net foreign exchange losses		(112)	(4)
Operating profit before tax		<u>1,428</u>	<u>957</u>
Tax charge	9	(465)	(86)
Profit and total comprehensive income for the year attributable to the owners of the Company		<u><u>963</u></u>	<u><u>871</u></u>

No other comprehensive income items were recorded during the year (2021: nil).

The above statement should be read in conjunction with the accompanying notes on pages 19 to 36.

Moneycorp Shared Services Limited

Balance sheet

As at 31 December 2022

	Note	2022 £000	2021 £000
Non-current assets			
Intangible assets	10	8,445	4,660
Property, plant and equipment	11	<u>1,214</u>	<u>412</u>
		9,659	5,072
Current assets			
Cash and cash equivalents	12	270	87
Trade and other receivables	13	23,949	8,809
Prepayments		<u>539</u>	<u>590</u>
		24,758	9,486
Total assets		34,417	14,558
Non-current liabilities			
Deferred tax liability	15	<u>(211)</u>	<u>(58)</u>
		(211)	(58)
Current liabilities			
Trade and other payables	14	(29,625)	(11,248)
Current tax liability		<u>(340)</u>	<u>(28)</u>
		(29,965)	(11,276)
Total liabilities		(30,176)	(11,334)
Net assets		4,241	3,224
Equity			
Share capital	17	-	-
Capital contribution	17	237	-
Retained earnings		<u>4,004</u>	<u>3,224</u>
Total equity		4,241	3,224

The financial statements of Moneycorp Shared Services Limited (registered number 10824121) were approved by the Board of Directors and authorised for issue on 28 August 2023. The Directors do not have the power to amend the financial statements after issue. They were signed on behalf of the Board by:



E Alley
Director

The above balance sheet should be read in conjunction with the accompanying notes on pages 19 to 36.

Moneycorp Shared Services Limited
Statement of changes in equity
For the year ended 31 December 2022

	Share capital £000	Capital contribution £000	Retained earnings £000	Total equity £000
Balance at 1 January 2021	-	-	2,353	2,353
Profit for the year	-	-	871	871
Total comprehensive income	-	-	871	871
Balance at 31 December 2021	-	-	3,224	3,224
Balance at 1 January 2022	-	-	3,224	3,224
Profit for the year	-	-	963	963
Total comprehensive income	-	-	963	963
Dividend in species	-	-	(183)	(183)
Share-based payments	-	237	-	237
Balance at 31 December 2022	-	237	4,004	4,241

The above statement should be read in conjunction with the accompanying notes on pages 19 to 36.

Moneycorp Shared Services Limited

Statement of cash flows

For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Net cash generated from operations	18	6,808	2,498
Net cash inflow from operating activities		<u>6,808</u>	<u>2,498</u>
Cash flows from investing activities			
Purchases of property, plant and equipment		(981)	(182)
Purchases of intangible assets		<u>(5,191)</u>	<u>(2,347)</u>
Net cash outflow from investing activities		<u>(6,172)</u>	<u>(2,529)</u>
Cash flows from financing activities			
Payments for share buy-backs on behalf of ultimate holding company		<u>(453)</u>	-
Net cash outflow from financing activities		<u>(453)</u>	-
Net increase/(decrease) in cash and cash equivalents		<u>183</u>	<u>(31)</u>
Cash and cash equivalents at the beginning of the year		87	118
Cash and cash equivalents at the end of the year		<u><u>270</u></u>	<u><u>87</u></u>

The above statement should be read in conjunction with the accompanying notes on pages 19 to 36.

Moneycorp Shared Services Limited

Notes to the financial statements

For the year ended 31 December 2022

1. GENERAL INFORMATION

Moneycorp Shared Services Limited (the 'Company') is a private company limited by shares, incorporated in England and Wales, United Kingdom (UK) under the Companies Act 2006. The address of the registered office is given in the company information on page 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 3 to 8.

2. BASIS OF PREPARATION

Compliance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK and in line with the UK adopted international accounting standards.

Historical cost convention

The financial statements have been prepared on the historical cost basis as explained in the accounting policies in note 5. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Going concern basis

The Directors assess the Company's going concern for a period of at least 12 months from the signing of the annual report and financial statements. The assessment has been undertaken by considering the risk factors and events arising subsequent to year end, outlined in the Strategic Report.

In making this assessment the Directors considered:

- whether there is sufficient liquidity and financing to support the Moneycorp Group's business (including the Company), its corporate transactions and future trading;
- whether post balance sheet trading is in line with expectations;
- if the Company and Moneycorp Group would be able to trade after the impact of a reasonable downside scenario on performance (stress testing);
- the adequacy of insurance cover;
- the continued availability of financing facilities and trading lines;
- the regulatory environment in which the Moneycorp Group operates; and
- the effectiveness of risk management policies, in particular, business continuity, compliance, regulatory and counterparty risks; and
- the financial support from the intermediate and ultimate holding companies to support its business.

Despite the challenging market conditions, the Company and the wider Moneycorp Group have continued to perform well, and are keeping pace with performance from the prior year.

Going concern of the Company is considered as part of the Moneycorp Group's going concern assessment. As part of this the Directors have undertaken scenario planning to understand the impact on the EBITDA and cash flows for the Moneycorp Group (including the Company). This assessment included various scenarios such as adverse movements to interest rates, inflation, foreign exchange rates and other macroeconomic factors from the 2023 budget, forecasted out for at least 12 months from the signing date of this report.

Even if these scenarios were to eventuate, they would not result in a material adverse impact and therefore the Directors have concluded that the Moneycorp Group and the Company could continue to operate as a going concern. This is supported by the additional following factors:

- the diversity of the Moneycorp Group's operations geographically, product offerings and client base assists in reducing the overall risk;
- the wider Moneycorp Group's existing senior debt facility was refinanced during the year, extending maturing out to 2029. Management continue to maintain positive ongoing relationships with the wider Moneycorp Group's lenders; and
- the agreed financial support from the ultimate controller to the Moneycorp Group in the form of short term funding or increased equity funding in order to support operations.

Moneycorp Shared Services Limited **Notes to the financial statements (continued)** For the year ended 31 December 2022

2. BASIS OF PREPARATION - CONTINUED

The Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result if the Moneycorp Group and Company were unable to continue as a going concern.

3. NEW AND REVISED STANDARDS ADOPTED IN THE CURRENT YEAR

The Company has adopted the following standards and amendments for the first time for the annual reporting year commencing 1 January 2022:

Standard	New standard / amendment:
- IAS 16 <i>Property, Plant and Equipment</i> – new guidance on proceeds before intended use	Amendment
- IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> – clarification of onerous contract costs definition	Amendment
- IFRS 3 <i>Business Combinations</i> – updates references to revised 2018 Conceptual Framework	Amendment
- Annual Improvements to IFRS Standards 2018-2020: IFRS 9 <i>Financial Instruments</i> , IFRS 16 <i>Leases</i> , IFRS 1 <i>First time Adoption of IFRS</i> and IFRS 4 <i>Agriculture</i>	Amendment

None of these developments have had a material effect on how the Company's statement of comprehensive income or balance sheet for the current or prior year have been prepared or presented.

4. NEW AND REVISED STANDARDS NOT YET ADOPTED

Certain new standards and interpretations have been published that are not mandatory for the 31 December 2022 reporting period and have not been early adopted by the Company.

Standard	New standard / amendment:	Effective for annual reporting periods beginning on or after:
- IFRS 17 <i>Insurance Contracts</i>	New	1 January 2023
- IAS 1 <i>Presentation of Financial Statements</i>	Amendment	1 January 2023
- IFRS 16 <i>Leases</i>	Amendment	1 January 2024
- IAS 1 <i>Presentation of Financial Statements</i>	Amendment	1 January 2024
- IAS 28 <i>Investments in Associates and Joint Ventures</i>	Amendment	Yet to be advised
- IFRS 10 <i>Consolidated Financial Statements</i>	Amendment	Yet to be advised

None of the above standards that are not yet effective are expected to have a material impact on the Company in the current or future reporting periods or on foreseeable future transactions.

5. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are set out below. These policies have been consistently applied to the current and prior year presented unless otherwise stated.

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in pounds sterling (GBP), which is the Company's functional and presentation currency, and have been rounded to the nearest thousand pounds, except when otherwise indicated.

Moneycorp Shared Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

5. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Foreign currencies

Trading transactions denominated in currencies other than the Company's functional currency (foreign currencies) are translated at the exchange rate prevailing on the date of the transaction.

At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at year end exchange rates. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates to the functional currency, are recognised in profit or loss.

Intangible assets

Computer software

Costs associated with the research phase of internally developed software are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products are recognised as intangible assets when they meet the recognition criteria in IAS 38 *Intangible assets*.

Externally acquired computer software and configuration costs are capitalised on the basis of the costs incurred to acquire and bring the assets to use.

Capitalised software costs are recorded as intangible assets and amortised on a straight line basis over their estimated useful lives from the point at which the asset is ready for use. Estimated useful life is as follows:

- Computer software 4-5 years

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, such as maintenance of software programmes, is expensed as incurred.

Impairment of intangible assets

For intangible assets with finite lives, assets are tested for impairment when there are any indicators that the carrying amount of the assets cannot be recovered. If an indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is calculated as the higher of fair value less costs to sell and value-in-use. If the recoverable amount of an intangible asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense in the statement of comprehensive income.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any recognised impairment loss.

Depreciation of these assets commences when the assets are ready for their intended use. Depreciation is recognised to write down the cost or valuation less the residual value of assets over their useful lives, using the straight-line method, on the following bases:

- Fixtures and fittings 4-10 years
- Computer equipment 4 years

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Moneycorp Shared Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

5. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property, plant and equipment - continued

Impairment of property, plant and equipment

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

Financial instruments

Financial instruments are classified as financial assets, financial liabilities or equity instruments, and are initially recognised when the Company becomes party to the contractual provisions of the instrument.

Classification:

The Company classifies its financial assets and liabilities in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

Recognition and derecognition:

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. All financial instruments are initially measured at fair value adjusted for transaction costs.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

The Company classifies its instruments based on the Company's business model for managing the financial assets and liabilities and the contractual terms of the cash flows. The Company's financial assets and liabilities are managed and their performance evaluated on a fair value basis.

Financial assets at amortised cost

Cash and cash equivalents

Cash and cash equivalents comprise cash, including short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value. Any overdrawn bank accounts are presented separately on the balance sheet.

Trade and other receivables

Trade and other receivables, primarily related party receivables, are recognised at original invoice or contract value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Moneycorp Shared Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

5. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Financial assets at amortised cost - continued

Impairment of financial assets at amortised cost

At the reporting date the Company measures a loss allowance on financial assets other than those at fair value through profit or loss. The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets at amortised cost regardless of if the risk has increased significantly since initial recognition or not. The amount of the loss allowance on financial assets is recognised in the statement of comprehensive income within administrative expenses.

For trade and other receivables, balances are written off against the net impairment loss where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a counterparty to engage in a repayment plan with the Company or the counterparty entering bankruptcy or financial reorganisation. Subsequent recoveries of amounts previously written off are credited against the same line item within administrative expenses.

Given the high credit quality and short term nature of the financial assets measured at amortised cost, the Company does not anticipate any material expected credit losses to be applicable for these assets.

Financial liabilities at amortised cost

Trade and other payables

Trade and other payables, including accruals, represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid or have been paid on the behalf of the Company by another Moneycorp Group entity. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the balance sheet date. They are recognised initially at original invoice or contract value, or expected contract value, being the best estimate of fair value and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Revenue

Revenue comprises the support costs incurred plus a mark-up charged to revenue generating entities within the Moneycorp Group in accordance with the Moneycorp Group "Transfer Pricing Agreement". There is only one performance obligation associated with support services revenue which is recognised at the point in time when the support costs are incurred, in line with the requirements of IFRS 15 *Revenue from Contracts with Customers*.

Employee entitlements

Employee entitlements for salaries and wages, bonuses, annual leave and other similar benefits are recognised in the statement of comprehensive income when they accrue to employees.

Liabilities for salaries and wages, including non-monetary benefits, which are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured using the amounts expected to be paid. The liabilities are presented as current employee related payables within trade and other payables on the balance sheet.

Share-based payments

The Company accounts for share-based payments in accordance with the requirements of IFRS2 *Share-based Payment*, taking into consideration the features of each arrangement. The movement in cumulative charges since the previous balance sheet date is recognised in the statement of comprehensive income, with a corresponding entry in equity for equity-settled schemes. For cash-settled schemes, the Company remeasures the fair value of the award at each balance sheet date, with the fair value presented on the balance sheet as a liability and not within equity.

The Moneycorp Group has three separate share-based payment schemes where employees could receive B shares in the holding company of the Moneycorp Group being: Employee Shareholder share (ESS) scheme, Non-ESS and Employee Benefit Trust (EBT).

Moneycorp Shared Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

5. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Pensions defined contribution scheme

The Company operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Obligations for contributions to the defined contribution pension scheme are recognised as an expense in the statement of comprehensive income as they fall due. The liability for contributions owing by the Company to the fund at the balance sheet date is disclosed in note 16 and included within trade and other payables on the balance sheet.

Taxation

The income tax expense or credit for the year is the tax payable on the current year's taxable income, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current taxation

The tax currently payable is based on taxable profit/(loss) for the year. Taxable profit/(loss) differs from net profit/(loss) as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted, or substantively enacted, by the balance sheet date.

Deferred taxation

Deferred tax assets and liabilities are recognised where temporary differences arise between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit/(loss). Deferred tax assets are recognised only if it is probable that future taxable profit will be available to utilise those temporary differences and losses.

The amount of the asset or liability is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realised or the deferred liability is settled.

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

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

Current tax and deferred tax for the year

Current and deferred tax are recognised in the income statement, except when they relate to items that are recognised in other comprehensive income in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Related parties

Transactions between the Moneycorp Group (which includes the Company) and its subsidiaries, meet the definition of a related party transaction.

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.

Transactions between the Company and entities who are not members of the Moneycorp Group, but are connected via common control, are also deemed to be related parties.

Related party transactions are disclosed in note 22.

Moneycorp Shared Services Limited

Notes to the financial statements (continued)

For the year ended 31 December 2022

5. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Transfer pricing

Transfer pricing is a global requirement to price transactions between related parties on an arm's length basis. This is now a legal requirement for tax, audit and regulatory reporting in most countries. The aim of transfer pricing is to prevent multinational enterprises from shifting profits between tax jurisdictions in order to artificially reduce the amount of taxes payable. The introduction of a global minimum tax rate (OECD Pillar II) is imminent, which will force all multinationals (including Moneycorp) to implement transfer pricing regardless of company size. Moneycorp has implemented this procedure in 2022 to avoid a rushed adoption at a later stage and to allow time to refine our internal processes accordingly. The performance of the Company includes recharges to and from other entities in the Moneycorp Group for shared costs on an arm's length basis using a recognised cost plus a mark-up methodology with externally reviewed benchmark rates that are standardised across the Group.

6. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 5, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant impact on the amounts recognised in the financial statements.

Transfer pricing

As outlined in note 5, the Group has implemented a global transfer pricing policy which results in the recharging of shared revenue/costs on an arm's length basis across entities in the Moneycorp Group. Management have applied judgement in the implementation of the Group policy, primarily in relation to the determination of the cost and allocation base. The transfer pricing charges have been determined using a recognised cost plus mark-up methodology, which has been standardised across the Group. These have then been allocated across the Group entities based on an appropriate allocation base of the cost incurred, such as trading flows. Both key judgements have been determined based on engagements with independent expert consultants.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Capitalisation of intangible assets

Development expenditure represents costs incurred in relation to the internal development of various computer software projects to support the services and products of the Moneycorp Group. Management exercises judgement in determining which development costs meet the IAS 38 *Intangible Assets* criteria for capitalisation and lead to future economic benefits sufficient to recover the costs capitalised. This includes estimates as to the amount of time spent directly on development of new software or significant improvement of the existing systems. The capitalised assets are amortised over the useful economic lives of these assets.

Impairment of financial assets at amortised cost

Under IFRS 9, a forward-looking impairment model, based on expected credit losses (ECLs), applies to financial assets held at amortised cost. ECLs are probability-weighted estimates of credit losses. In calculating this ECL allowance, the Company considers information about past events and current conditions as well as supportable information about future events and economic conditions.

Moneycorp Shared Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

6. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY - CONTINUED

Fair value of share-based payments

At each measurement date the Company 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 and EBITDA multiples. As the ultimate holding company of the Moneycorp Group is a private company, the sources utilised to determine those attributes at the date of measurement are subjective in nature and require judgement in applying such information to the share valuation models. Many factors and assumptions may be used during this assessment. If any of the assumptions used to determine the fair value of the share-based payments awards change significantly, share-based payment expense may differ materially in the future from that recorded at the current reporting date.

7. REVENUE

	2022	2021
	£000	£000
Revenue from contracts with customers:		
Support services charge	25,857	18,043
	<u>25,857</u>	<u>18,043</u>

Revenue comprises the support services charges made to revenue generating entities within the Moneycorp Group (other related parties). Amounts charged are governed by the Moneycorp Group "Transfer Pricing Agreement" (2021: intercompany service agreements) on a cost-plus markup basis.

8. ADMINISTRATIVE EXPENSES

Administrative expenses comprise the following:

	2022	2021
	£000	£000
Staff costs		
Wages and salaries	8,878	7,559
Social security costs	831	803
Pension costs (see note 16)	291	270
Other personnel costs	1,090	207
	<u>11,090</u>	<u>8,839</u>
Depreciation, amortisation, impairment and loss on disposal		
Amortisation of intangible assets (see note 10)	1,601	1,166
Loss on disposal of intangible assets (see note 10)	142	-
Depreciation of property, plant and equipment (see note 11)	179	135
	<u>1,922</u>	<u>1,301</u>
Other expenses		
IT support and maintenance	4,658	3,147
Legal and professional fees	1,466	739
Irrecoverable value-added tax	1,170	748
Travel and entertainment	250	14
Insurance	173	116
Communications	123	37
Property expenses	78	64
Auditor's remuneration (see note 8b)	48	56
Advertising and marketing	3	-
Other administrative costs	114	101
One-off costs (see note 8c)	3,222	1,920
	<u>11,305</u>	<u>6,942</u>
	<u>24,317</u>	<u>17,082</u>

Other personnel costs for 2022 primarily comprise of temporary/contractor costs (£883k) as well as other staff related benefits such as medical insurance, external staff training etc.

Moneycorp Shared Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

8. ADMINISTRATIVE EXPENSES - CONTINUED

8a. Staff costs

	2022	2021
	Number	Number
The average monthly number of employees (including Executive Directors) was:		
Management and administration	123	134
	<u>123</u>	<u>134</u>
	2022	2021
	£000	£000
Their aggregate remuneration comprised:		
Wages and salaries	8,878	7,559
Social security costs	831	803
Other pension costs (see note 16)	291	270
Cost of living payment (see note 8c)	304	-
Share-based payments (see note 8c)	237	-
	<u>10,541</u>	<u>8,632</u>

8b. Auditor's remuneration

The analysis of the auditor's remuneration included within administrative expenses is as follows:

	2022	2021
	£000	£000
Fees paid to the Company's auditors		
Audit of the Company's annual financial statements	48	40
Total audit fees to the Company's auditors	<u>48</u>	<u>40</u>
Other non-audit fees		
Non assurance engagement - valuation	-	16
Total non-audit fees to the Company's auditors	<u>-</u>	<u>16</u>
Total fees to the Company's auditors	<u>48</u>	<u>56</u>

8c. One-off costs

One-off costs can be categorised as follows:

	2022	2021
	£000	£000
Department restructuring and related costs	1,492	-
Dual running costs	696	1,005
Cost of living payment	304	-
Restructuring of shareholders	264	-
Share-based payments (see note 17)	237	-
Corporate initiatives	52	-
Strategic review	35	152
Staff costs	-	702
Other one off costs	142	61
	<u>3,222</u>	<u>1,920</u>

Moneycorp Shared Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

9. TAX CHARGE

	2022 £000	2021 £000
Current tax:		
Current year charge	312	28
	<u>312</u>	<u>28</u>
Deferred tax (see note 15):		
Current year charge	153	16
Under provision in respect of prior years	-	62
Effect of change of tax rate	-	(20)
	<u>153</u>	<u>58</u>
Total tax charge for the year	<u><u>465</u></u>	<u><u>86</u></u>

Corporation tax is calculated at 19.00% (2021: 19.00%) of the estimated assessable profit for the year.

The total tax charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2022 £000	2021 £000
Profit before tax on continuing operations	1,428	957
Tax at the UK corporation tax rate of 19.00% (2021: 19.00%)	271	182
Tax effect of expenses that are not deductible	190	79
Tax effect of Group relief received	-	(217)
Under provision in respect of prior years	-	62
Effect of change in corporation tax rate on deferred tax balances	-	(20)
Impact of change in tax rates and tax incentives	37	-
Utilisation of unrecognised deferred tax brought forward	(33)	-
Total tax charge for the year	<u><u>465</u></u>	<u><u>86</u></u>

Moneycorp Shared Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

10. INTANGIBLE ASSETS

	Computer software £000
At 1 January 2021	
Cost	4,984
Accumulated amortisation	<u>(1,579)</u>
Carrying amount	<u>3,405</u>
Year ended 31 December 2021	
Opening carrying amount	3,405
Additions	2,421
Amortisation charge	<u>(1,166)</u>
Closing carrying amount	<u>4,660</u>
At 31 December 2021	
Cost	7,402
Accumulated amortisation	<u>(2,742)</u>
Carrying amount	<u>4,660</u>
Year ended 31 December 2022	
Opening carrying amount	4,660
Additions	5,528
Net disposals	(142)
Amortisation charge	<u>(1,601)</u>
Closing carrying amount	<u>8,445</u>
At 31 December 2022	
Cost	12,783
Accumulated amortisation	<u>(4,338)</u>
Carrying amount	<u>8,445</u>

The Computer software carrying amount of £8,445k (2021: £4,660k) primarily comprises internally generated software.

Moneycorp Shared Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

11. PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings £000	Computer equipment £000	Total £000
At 1 January 2021			
Cost	-	467	467
Accumulated depreciation	-	(102)	(102)
Net carrying amount	<u>-</u>	<u>365</u>	<u>365</u>
Year ended 31 December 2021			
Opening net carrying amount	-	365	365
Additions	3	179	182
Net disposals	-	-	-
Depreciation charge	-	(135)	(135)
Closing net carrying amount	<u>3</u>	<u>409</u>	<u>412</u>
At 31 December 2021			
Cost	3	646	649
Accumulated depreciation	-	(237)	(237)
Net carrying amount	<u>3</u>	<u>409</u>	<u>412</u>
Year ended 31 December 2022			
Opening net carrying amount	3	409	412
Additions	5	976	981
Net disposals	-	-	-
Depreciation charge	(1)	(178)	(179)
Closing net carrying amount	<u>7</u>	<u>1,207</u>	<u>1,214</u>
At 31 December 2022			
Cost	8	1,622	1,630
Accumulated depreciation	(1)	(415)	(416)
Net carrying amount	<u>7</u>	<u>1,207</u>	<u>1,214</u>

Moneycorp Shared Services Limited
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For the year ended 31 December 2022

12. FINANCIAL ASSETS AND LIABILITIES

	2022	2021
	£000	£000
Categories of financial instruments		
Financial assets		
<i>Financial assets at amortised cost</i>		
Cash and cash equivalents	270	87
Trade and other receivables	23,949	8,809
	<u>24,219</u>	<u>8,896</u>
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	(29,625)	(11,248)
	<u>(29,625)</u>	<u>(11,248)</u>

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

13. TRADE AND OTHER RECEIVABLES

	2022	2021
	£000	£000
Amounts falling due within one year:		
Related party receivables	23,708	8,805
Other debtors	241	4
	<u>23,949</u>	<u>8,809</u>

Related party receivables comprise intercompany balances with various other related parties within the Moneycorp Group and are unsecured, non-interest bearing and repayable on demand with no fixed date of repayment.

14. TRADE AND OTHER PAYABLES

	2022	2021
	£000	£000
Amounts falling due within one year:		
Related party payables	22,266	8,275
Accruals	3,178	606
Trade payables	2,690	957
Employee related payables	1,476	1,393
Other payables	15	17
	<u>29,625</u>	<u>11,248</u>

Related party payables relate to balances owing to TTT Moneycorp Limited, other related party, which are unsecured, non-interest bearing and repayable on demand with no fixed date of repayment.

The remaining trade and other payables principally comprise accruals and amounts outstanding for employee liabilities, trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. For most suppliers, no interest is charged on the trade payables for the first 30 days from the date of the invoice. Thereafter, interest is charged on the outstanding balances at various interest rates. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

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For the year ended 31 December 2022

15. DEFERRED TAX LIABILITY

Deferred tax reflects the net tax effects of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following are the deferred tax liabilities recognised by the Company and movements thereon during the current and prior reporting year.

	2022 £000	2021 £000
Balance at the beginning of the year	(58)	-
Charge to profit or loss	(153)	(16)
Under provision in relation to the prior year	-	(62)
Effect of change in tax rate charge	-	20
Balance at the end of the year	<u>(211)</u>	<u>(58)</u>

The following is the analysis of the deferred tax balance for financial reporting purposes:

	2022 £000	2021 £000
Deferred tax liabilities:		
Fixed asset timing differences	<u>(304)</u>	<u>(58)</u>
	(304)	(58)
Deferred tax assets:		
Share-based payments	59	-
Short-term timing differences	<u>34</u>	<u>-</u>
	93	-
	<u>(211)</u>	<u>(58)</u>

On 3 March 2021, it was announced (and received Royal assent on 10 June 2021) that from 1 April 2023, the main rate of corporation tax will increase to 25%. The deferred tax balances included within the financial statements have been calculated with reference to the rate of 25%.

16. DEFINED CONTRIBUTION PENSION PLAN

The Company has a defined contribution pension scheme that covers employees whose length of service is at least three months. Allocations to individual employees are based on the salary level of the employee and employer contribution. At 31 December 2022 the Company had a liability of approximately £133k (2021: £58k), included in trade and other payables, specifically employee related payables, related to the pension scheme. During the year, the Company made £43k contributions to the scheme on behalf of key management personnel (2021: £2k).

17. EQUITY

17a. Share capital

	2022 £	2021 £
Authorised:		
1 (2021: 1) ordinary share of £1	<u>1</u>	<u>1</u>
Issued and fully paid:		
1 (2021: 1) ordinary share of £1	<u>1</u>	<u>1</u>

The Company has one class of ordinary share which carries no rights to fixed income.

Moneycorp Shared Services Limited **Notes to the financial statements (continued)** For the year ended 31 December 2022

17. EQUITY - CONTINUED

17b. Share-based payments

Employee share scheme

During the year the Company operated an employee incentive share scheme comprising B Ordinary Shares in the ultimate holding company of the Moneycorp Group, Moneta Topco Limited ('Topco') with all shares issued via an Employee Benefit Trust (EBT). Under IFRS 2 *Share-based Payment*, the share-based payments granted must be measured on a fair value basis as at the grant date of the awards and the relevant expense entered into the statement of comprehensive income. As at 31 December 2022 6,500 (2021: 25,000) shares were in issue as detailed below. The EBT is managed and administered by independent Trustees.

Valuation

The fair value of the employee share scheme has been measured using an Expected Returns Model to determine an Unrestricted Market Value (UMV). The Expected Return model is driven by the following attributes appropriate trading multiples; estimated exit cash/debt position of the Group; hurdle in each forecast period, where appropriate; entitlement of the shares if the hurdle is achieved on an exit event; present value of the estimated proceeds of the shares; discount rates reflecting the risks associated with the uncertainty around receiving the payout; and minority discounts that reflect a lack of control and a relative illiquidity of the shares in question compared to the listed shares.

Movement during the year

Set out below is a summary of the number of B Ordinary Shares issued and held at the beginning and end of the reporting period. Prior year comparatives have not been disclosed on the basis that they were immaterial.

Number of shares issued under the plan to participating employees

	2022 Number
As at 1 January	25,000
Issued and vested during the year	6,500
Sold or forfeited during the year	<u>(25,000)</u>
As at 31 December	<u>6,500</u>

Movement during the year

During the year, 6,500 B shares in Moneta Topco Limited were issued to employees at a fair market value based on an external valuation. Of the 25,000 sold or forfeited during the year, 10,000 shares were sold back to the trust by employees deemed as good leavers at the prevailing fair market value of shares. These employees were issued their shares at a nominal value in previous years. The remaining shares bought back during the year were done so at a nominal value. In respect of the shares issued as at the balance sheet date, 6,500 pertain to equity settled awards and nil to cash settled awards. The share schemes have an indefinite contractual life and are vested immediately upon issue. B shares are only likely to realise value upon an exit.

Expense recognised in profit and loss

During the year the Company recognised £237k within expenses in relation to the issuance of shares under employee share schemes.

17c. Capital contribution

A capital contribution has arisen as a result of equity-settled shares in the ultimate holding company. Of the £237k shares issued under employee share schemes during the period, all related to equity-settled shares and as such the corresponding credit has been recognised in equity as a capital contribution.

17d. Dividend in species

A dividend in species has been recognised during the year of £182k in relation to the advancement of funds by way of gift to procure the buy-back of B Ordinary Shares held under ESS scheme by Moneta Topco Limited.

Moneycorp Shared Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

18. NOTES TO THE STATEMENT OF CASH FLOWS

Net cash generated from operations	2022 £000	2021 £000
Operating profit before tax	1,428	957
Adjustment for non-cash items:		
Amortisation of intangible assets	1,601	1,166
Depreciation of property, plant and equipment	179	135
Loss on disposal of intangible assets	142	-
Other	224	-
	<u>3,574</u>	<u>2,258</u>
Movements in working capital:		
Increase in trade and other receivables	(14,870)	(2,221)
Decrease/(Increase) in prepayments	51	(90)
Increase in trade and other payables	18,053	2,551
Net cash generated from operations	<u><u>6,808</u></u>	<u><u>2,498</u></u>

19. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The main risks arising from the Company's financial instruments are credit risk and liquidity risk. The Board approves prudent treasury policies for managing each of the risks which are summarised below.

19a. Market risk management

Foreign currency risk management

The Company is exposed to limited foreign currency risk as the bank balance is maintained in pounds sterling as are the majority of other balance sheet accounts.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative or any other purposes. The sensitivity to market risk in relation to derivatives is therefore nil.

Interest rate risk management

The Company holds no borrowings and any interest payable on trade and other payables is not material as payments are made within agreed credit terms. The Company is therefore not exposed to any material interest rate risk.

Other price risks

The Company is not exposed to any other material price risks.

19b. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Credit risk for financial assets at amortised cost

The Company has two types of financial assets that are subject to the expected credit loss (ECL) model:

- cash and cash equivalent; and
- trade and other receivables.

Given the counterparties are primarily other Moneycorp Group entities and reputable banks, the Company is not exposed to any material credit risk therefore the ECL is immaterial. All related party receivables are deemed fully recoverable.

Moneycorp Shared Services Limited **Notes to the financial statements (continued)** For the year ended 31 December 2022

19. FINANCIAL RISK MANAGEMENT - CONTINUED

19c. Liquidity risk management

Liquidity facilities are provided by TTT Moneycorp Limited, other related party. Additionally there is a wider Moneycorp Group financing facility available, including a committed revolving facility to provide short term liquidity, which the Company has access to if required. Liquidity and cash is managed on a daily basis by the Moneycorp Group Treasury team. The Company seeks to manage this risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The following tables detail the maturity profile of the Company's remaining contractual financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities at the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. For all financial liabilities the expected maturities are the same as the contractual maturities.

	Within 1 year £000	1-2 years £000	2- 5 years £000	5+ years £000	Total £000
At 31 December 2022					
Trade and other payables	29,625	-	-	-	29,625
	<u>29,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,625</u>
At 31 December 2021					
Trade and other payables	11,248	-	-	-	11,248
	<u>11,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,248</u>

20. CAPITAL RISK MANAGEMENT

Capital risk is the risk that the Company has an insufficient level or composition of capital to support the Company's business activities and associated risks during both normal economic environments and under stressed conditions. The capital risk management objective for the Company is to maintain sufficient capital after debt servicing to enable it to continue as a going concern while maximising the return to shareholders by ensuring costs incurred are offset by the charge to the Moneycorp Group entities for the support services it provides and thus remains profitable.

The capital structure of the Company consists of equity comprising issued capital and retained earnings as disclosed in the Company's statement of changes in equity.

The Company is not subject to any externally imposed capital requirements.

21. COMMITMENTS AND CONTINGENT LIABILITIES

21a. Capital commitments

Significant capital expenditure contracted for at the balance sheet date but not recognised as liabilities is as follows:

	2022 £000	2021 £000
Intangible assets	<u>422</u>	<u>-</u>

21b. Other commitments and contingent liabilities

A charge has been provided to a third party security agent in respect of loans borrowed by Moneta Bidco Limited, a Moneycorp Group other related party. The charge was initially executed in June 2022 and contains both fixed and floating charges. The charge will extinguish in June 2029 upon repayment of the borrowed funds by Moneta Bidco Limited.

Other than the above, the Company has no financial commitments or contingent liabilities outside of liabilities presented on the face of the balance sheet at the balance sheet date (2021: nil).

Moneycorp Shared Services Limited **Notes to the financial statements (continued)** For the year ended 31 December 2022

22. RELATED PARTY BALANCES AND TRANSACTIONS

22a. Trading transactions

Support services revenue from other related parties is disclosed in note 7.

Trade and other receivables and trade and other payables held with other related parties at the balance sheet date are disclosed in notes 13 and 14 respectively.

22b. Remuneration of key management personnel

One of the Directors of the Company is also a director of TTT Moneycorp Limited, other related party (2021: one director). Their emoluments are paid by TTT Moneycorp Limited in respect of services to the Company. Directors' emoluments paid during the year by the Company are as follows:

	2022 £000	2021 £000
Amounts falling due within one year:		
Short-term employee benefits	1,446	796
Post-employment benefits	43	2
Termination benefits	168	-
	<u>1,657</u>	<u>798</u>

23. MONEYCROP GROUP HOLDING COMPANY AND CONTROLLING ENTITY

At balance sheet date, the Directors consider the Company's immediate parent and controlling party to be Moneycorp Group Limited (previously known as Regent Acquisitions (Holdings) Limited) (100% effective holding), incorporated and registered in Jersey, Channel Islands. Consolidated financial statements are produced for Moneycorp Group Limited. This group represents the smallest group of which the Company is a subsidiary, for which consolidated financial statements are produced.

The consolidated financial statements may be obtained from Floor 5, Zig Zag Building, 70 Victoria Street, SW1E 6SQ.

The holding company of the Moneycorp Group is Moneta Topco Limited (100% effective holding), a company incorporated and registered in Jersey, Channel Islands. This company also produces consolidated financial statements and this group (referred to within these financial statements as 'the Moneycorp Group') represents the largest group of which the Company is a subsidiary.

The ultimate controllers of Moneta Topco Limited at balance sheet date were Bridgepoint Europe IV (Nominees) Limited.

24. EVENTS AFTER THE BALANCE SHEET DATE

There are no material subsequent events to disclose between the reporting date and the date of signing this report.