TTT Moneycorp Limited

Annual report and financial statements
for the year ended 31 December 2019

Registered number: 00738837

TTT Moneycorp Limited
Company information

Company Registration Number
00738837

Date of Incorporation
25 October 1962

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

Directors
S Green (resigned 29 July 2020)
N Haslehurst
M Horgan (resigned 2 March 2020)
R Moores (resigned 29 July 2020)
A Harrison (appointed 2 March 2020)

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Trading name
moneycorp

TTT Moneycorp Limited
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Strategic report
For the year ended 31 December 2019

The Directors present their strategic report for TTT Moneycorp Limited (the 'Company') for the year ended 31 December 2019. The Company is domiciled and incorporated in England and Wales, United Kingdom (UK).

Principal activities and overview
The Company is one of the UK's leading independent international payment and foreign exchange businesses. Over the past 40 years it has transformed into a technology led business, developing a sophisticated propriety platform serving the needs of clients, via online, application, application programming interface (API), and phone based channels. The proficiency of the Company's platform in executing payments, delivering a wide range of foreign exchange solutions, reconciliation and reporting services provides the Company's customers access to a wide variety of products not available from many high street providers. The vision of the Company is to be first choice for its customer's international payments and foreign exchange needs.

The Company and its subsidiaries operate across the entire value chain of the international payments and foreign exchange industry. Its offices and employees whilst centered in the UK, now operate in South America, Europe (including branches in Ireland, Spain, France and Romania), Australia, United Arab Emirates (UAE) and India totalling 286 people as at 31 December 2019.

In recent years the Company has strategically focused on building a fully integrated proprietary payments platform. This platform processes and delivers a wide range of foreign currency exchange risk management solutions and international payments for clients ranging from mid-cap corporates to small and medium sized enterprises (SME's), commercial banks, central banks and private clients. The Company's technology, which has been the centre of investment, is utilised across multiple countries, under multiple licences and legal entities, utilising mainly the Moneycorp brand and also a number of white label/co-brands.

The Company's strategy is to continue growing its business primarily by capitalising on the strength of its technology, high quality service, transparent pricing and cost efficient operating model. It aims to grow market share in existing markets by increasing its product awareness and developing further product enhancements, making platform improvements and utilising pricing leverage. In addition, the business will continue to extend its distribution network, launch more innovative products, and improve the efficiency of its operating cost base. As a strategic priority, the Company continues to maintain the highest standards of compliance, thereby reinforcing the trust which customers, partners, wholesalers and regulators place in its brand.

The Company has invested in a series of initiatives around expansion and product development over the last 12 months. On 31 January 2019 Moneycorp Brasil Participacoes Ltda, a wholly owned subsidiary of the Company, acquired an additional 47.5% of the issued share capital of Novo Mundo Holding Financeira S/A (Novo Mundo), a holding company which owns 100% of the shares in Novo Mundo Corretora de Cambio S/A (now named 'Moneycorp Banco de Cambio'), a Brazilian foreign exchange business. This, in addition to the 42.5% acquired on 8 January 2018, gave a majority shareholding of 90%, and effective control, from 31 January 2019. Moneycorp Banco de Cambio applied and acquired a foreign exchange bank licence in September 2019, which allows it to expand its product offerings. This again is a significant step forward for the Company and its subsidiaries and a key milestone in providing global foreign exchange services.

Operational review
In 2019 the business saw increased revenue growth and increased levels of profitability using the Company's key performance indicator of earnings before interest, tax, depreciation, amortisation and significant one-off items (EBITDA) against the back drop of continued investment in the product proposition to support future growth.

Technology

The Company continued to invest and rollout its new 'react' technology-based online platform. This platform provides a multilingual, feature rich platform to service both corporate and private clients. Alongside the online investment the Company continues to invest in application-based technology, adding features and sophistication relevant to customers using these products. The Company also continues to invest in API based technology to support a range of corporate customers wanting a more integrated service.

Key strengths

Compliance at the heart of the Company's operations in all jurisdictions

Compliance and risk management are at the heart of the Company's business, and the Directors understands that this remains critical to long-term sustainable returns. As a strategic priority, the Company continues to maintain the highest standards of compliance, proactively engaging with regulators in all jurisdictions in which it operates and thereby reinforcing the trust from its customers, partners and brand. The Company takes the trust it has earned very seriously and will continue to invest in both people and technology to enhance its compliance capabilities.

Market opportunity

The market for international payments and foreign exchange products provided to both corporate and private clients continues to be dominated by high street banks. In all the markets the Company operates, the Company has a low market share which allows a large market opportunity for our future growth ambitions. Notwithstanding the current economic environment, the continued client growth and flexibility of our technology, as demonstrated by our acquisitions in 2018 and 2019, highlights the viability of our business model for future growth.

Performance measurement

The Company's most significant Key Performance Indicators (KPIs) are measured across three main business units as follows:

- Revenue growth
- Customer acquisition and retention
- EBITDA growth

Each business unit has a management team responsible for the operations and uses a number of financial and non-financial KPIs in order to manage and develop the business to achieve the Company's strategic objectives.

Operating review

The management accounts that are used internally are based on old Generally Accepted Accounting Practice in the UK (old UK GAAP) whereas the statutory results are reported under International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Company revenue under old UK GAAP within the business segments are summarised in the following table. A reconciliation to statutory reported results is also shown.

£m	**2019**	**2018**	**Growth**
Revenue (under old UK GAAP)			
UK/EU Corporate	27.4	25.7	6%
UK/EU Private	20.4	21.6	(5%)
Payment solutions	3.0	1.9	58%
Total revenue	**50.8**	**49.2**	**3%**

Reconciliation to statutory reported results for the year:

£m	**Revenue 2019**	**Revenue 2018**
Total per old UK GAAP	50.8	49.2
Adjustment under IFRS adopted by the EU	2.4	0.8
Statutory reported results	**53.2**	**50.0**

Revenue

Revenue increased by £1.6m (3%) (2018: £2.0m increase (4%)) to £50.8m (2018: £49.2m). The corporate business grew by £1.7m (2018: £2.3m) in the year with the private client division decreasing by £1.2m (2018: £2.3m decrease). Payments solutions showed significant growth of £1.1m (2018: £0.3m).

The results of the core operating businesses are detailed below:

UK/EU Corporate

The corporate business unit's revenue grew by 6% (2018: 10%) to £27.4m adding £1.7m (2018: £25.7m). This business is centered on SME importers and exporters in the UK and Ireland providing a range of products including international payments, spot trades, hedging and derivative solutions for these customers. During the year there was also a growing contribution from the Spanish and Romanian corporate offices which, after being setup in 2016, are now breaking even.

The business unit is focused on winning and retaining customers by providing superior product offerings, technology, service and pricing solutions. The business unit reported a new customer drop off rate of 14% during the year (2018: 9%) and a customer retention rate of 98% (2018: 95%). The total volume of transactions was flat for the year (2018: 5% increase).

UK/EU Private

During the year the private client business unit saw revenue fall by £1.2m representing a 5% decrease (2018: £2.3m, 9% decrease).

The business unit saw a fall in active customer growth of 15% (2018: 7% decrease), and revenue per deal decreased by 12% (2018: 1% increase) against the backdrop of Brexit uncertainty which has impacted the appetite for international property purchases.

Payment solutions

Payment solutions saw an increase in revenue of 58% (2018: 20%) due to the continued take up of the technology offering that allows bulk international payments to be processed at a fraction of the cost that high street banks charge. Many of these customers are now taking advantage of the Company's API tool to integrate their businesses with Moneycorp's platform.

Statutory loss for the year

The Company reported a statutory loss after tax for the year of £4.0m (2018: £2.6m).

Explanations of some significant items contributing to the statutory loss are detailed below. The Company operating result for the year, after excluding the below items, was a profit of £12.4m (2018: £9.0m).

Depreciation and amortisation

The Company charged £4.0m of amortisation of intangibles during the year (2018: £3.2m). The depreciation charge for the year was £1.8m (2018: £0.9m).

Management charges

During the year costs of £6.1m (2018: £2.4m) were recharged to the Company from other Moneycorp Group entities (see note 31 to the financial statements for definition of Group) as governed by intercompany services agreements.

One-off items

The Company has incurred one off operating costs of £5.3m (2018: £4.6m operating costs). The key items making up these balances are as follows:

- Acquisition and integration costs – the Company incurred costs relating to the US and Brazil based acquisitions of £3.2m.
- Staff costs – the Company incurred redundancy costs and one-off projects costs of £0.3m.
- Brazil – Investment write of the Company's Brazilian subsidiary of £1.6m
- Other - Legal fees relating to trademarks and other restructuring costs of £0.2m were also incurred.

These costs are included in administrative expenses in the statement of comprehensive income.

Taxation
The tax credit for the continuing business was £1.5m (2018: £0.5m tax charge). A net corporation tax refund was received during the year of £0.7m (2018: £2.0m tax paid). For further details of see note 10.

Net assets
The net assets of the Company at 31 December 2019 were £64.9m (2018: £68.9m).

Company outlook
The global outlook remains uncertain at the time of writing this report due to the potential business impact of the coronavirus (COVID-19) pandemic. Refer to subsequent events below for further details surrounding the performance of the business since 31 December 2019.

The Directors are monitoring COVID-19 based on the guidance being provided by the relevant health and government authorities, and continue to implement protocols and processes in response to the spread of the virus. The Company remains largely in a 'work from home' environment but fully operational. Management and the Directors meet regularly to ensure any emerging developments are addressed quickly. The safety and wellbeing of our employees, customers and other stakeholders remaining a key priority.

The Directors have taken a number of actions across the Company and its subsidiaries to reduce the cost base including the furlough of some employees and the deferment of a number of capital expenditure projects in order to ensure the business generates sufficient cash to operate for the next 12 months from the date of this report. The Directors will continue to monitor the situation carefully but remain confident that the diversity of the Company's operations, both geographically and through different product offerings, and a strong client base leaves the business with a solid platform to continue to deliver sufficient revenue to enable the business to continue for the next 12 months from the date of this report.

The Company's strategic objective for the future is to generate further revenue growth through expanding its customer base whilst retaining existing customers.

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, with particular focus given to the COVID-19 risk and events arising subsequent to year end. Refer to subsequent events below 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 independence assurance. The responsibility for risk management resides at all levels, from the Board and the executive committee down through the organisation. These responsibilities are distributed so that risk/return decisions are taken at the most appropriate level, as close as possible to the business, and remain subject to effective review and challenge. The responsibilities for effective review and challenge reside with senior managers, the audit committee, internal audit, the independent risk function, the Company risk committee and ultimately the Board.

The Company has identified the following key areas of risk:

Operational risk
Management has identified operational risk as the business's primary risk. Operational risk includes the risk arising within the organisation from inadequate or failed internal processes, inadequately designed or maintained systems, inappropriate staff levels or inadequately skilled or managed people. Operational risk exposures are identified, managed and controlled by management at all levels of the organisation. Internal controls include the organisational structures and delegation of authority within the Company. Systems are designed to manage and, as far as possible, eliminate the risk of failure to achieve business objectives and can provide robust, but not absolute, assurance against material misstatement or loss.

Operational risk – continued
The Company's operational budgets include appropriate investment levels to ensure that critical systems and processes are maintained, that customer data is protected and staff are properly trained and developed.

Cyber and technology risk
The Company has invested heavily in cyber security software that enables the detection of malware, viruses and phishing scams. The Company has in place a cyber security training programme for all staff to raise awareness of the potential threats and tactics used by cyber criminals.

Financial risks

Currency risk - The Company has overseas operations with foreign currency exposure in the Ireland, France, Spain and Romania. As a result, it is subject to foreign exchange exposures arising from the translation of the financial results and underlying net assets of its overseas s branches into pounds sterling. Foreign exchange exposure is managed by the Moneycorp Group Treasury function with profits converted to pounds sterling via foreign exchange spot deals.

The Company's business activities primarily involve brokering derivative contracts, specifically foreign currency forwards and foreign currency options, to customers and entering back to back arrangements with vendors. As such the back to back nature of the transactions eliminates currency risk for the Company on these balances.

The Company maintains bank balances in a number of currencies, and invoices and receives payments in these currencies, therefore is exposed to movements in foreign exchange rates on these balances.

Liquidity risk - The settlement of derivative financial instrument contracts and other short term working capital requirements requires adequate liquidity which is generated through intra-day settlement facilities.

These facilities are provided by a range of financial institutions with which the Company has a long trading history. The Company manages this risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Credit risk - Credit risk arises from the possibility that the Company will incur financial loss from the failure of a customer or counterparty to meet its obligations under a contract. The Company does not generally provide credit to its customers but credit exposures can arise, normally for a short period of time, as the Company depends on its customers to pay for monies and services provided and to perform on foreign exchange contracts. All material credit exposures require approval from the Moneycorp Group Credit Committee which is made up of individuals who are independent from the revenue generation functions of the business. Credit exposures are monitored daily against approved risk tolerance limits and client margins are called for where it is deemed appropriate. More information is disclosed in notes 18 and 26 to the financial statements.

The Company has £101.3m (2018: £84.6m) of receivables that have potential exposure to credit losses. However, during the year the loss was minimal £1.0m (2018: £0.3m) because the Company policies require new customers to be reviewed for creditworthiness before standard payment and delivery terms and conditions are entered into. Individual credit terms are set and monitored regularly.

Physical risk
Physical risk arises from the Company's exposure to theft, misappropriation or damage to its physical assets. The Company maintains appropriate physical security measures and operates suitable policies and procedures to mitigate this risk. The Company also maintains appropriate levels of insurance to limit its exposure.

Regulation and compliance risk
Regulatory risk is the risk of the financial or reputational loss arising from failure to meet the requirements of the Company's regulators. Compliance risk is the risk that the Company fails to adhere to the relevant rules and regulations that apply to its business.

Regulation and compliance risk - continued
The Company is authorised and regulated by the Financial Conduct Authority (FCA) for the provision of payment services.

Regulatory and compliance policy is led centrally by the Moneycorp Group Compliance and Risk Manager and there is a dedicated team in the business to ensure compliance with Anti Money Laundering and Countering Financing of Terrorism (AML/CFT), sanctions and other legal, regulatory and licensing requirements including compliance with all FCA requirements. The Company's legal team, in conjunction with external legal advisers, advises on the regulatory environment in which the Company operates and provides advice on any measures required to maintain operating licences as appropriate.

Impact of COVID-19 on Company's risk management
The Directors have considered the risks faced by the Company as a result of the COVID-19 outbreak including the potential impact on the demand for the Company's foreign currency products, change in credit risk of customers and liquidity of financial assets. The extent of the risk and the degree to which it might crystallise are still uncertain however the Directors will continue to monitor any developments and respond accordingly.

The Directors have assessed the impact of the COVID-19 risk on the business performance to date and on the going concern assumption for the Company. Refer to the Directors Report for further details.

Litigation
Following the acquisition of First Rate FX Limited and as part of the completion accounting, the Company was unable to establish completeness over the client money balances held by First Rate FX Limited. The Company used its own house cash to cover the shortfall in June 2018. The issue is being disputed by the former shareholders of First Rate FX Limited as part of a legal dispute over the completion accounts.

Two of the former shareholders of First Rate FX Limited have lodged a claim for unfair dismissal against their former employer TTT Moneycorp Limited. This, along with the settlement of the acquisition earn-out payable arising from the completion accounts, and other completion accounting matters are all in dispute with the former shareholders of First Rate FX Limited.

The Directors have assessed the specifics of the case, along with the likely outcomes and potential for any eventual liability falling upon the Company. Refer to notes 21 and 29 to the financial statements for further details.

Consideration of stakeholder in the decision-making process
Whilst performing their duties the Directors have acted in a way 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 in accordance with Section 172 of the Companies Act 2006. Refer to the Directors Report for details on the various stakeholders and how they have been considered.

Subsequent events
COVID-19 pandemic
On 31 December 2019 the World Health Organisation (WHO) was informed of cases of pneumonia of unknown causes in China, later identified as a novel coronavirus (referred to as COVID-19). The rapid increase both in the number of cases and the geographic spread resulted in COVID-19 being characterised as a pandemic on 12 March 2020.

Whilst markets have been trending significantly downwards and the steps being taken to contain the virus (including social distancing and business closures) have had a negative impact on many businesses, Governments and central banks globally have announced unprecedented interventions to minimise the impact on individuals and corporates.

The current and future implications of COVID-19 on the Company impact not only on the results of the business, but also on how the day-to-day operations are performed and managed.

Subsequent events - continued

COVID-19 pandemic - continued

Financially the Company has not been materially impacted by COVID-19 in the first quarter of 2020, with strong revenue reported in March and business continuing in the second quarter of 2020 in line with Management's stress planning assumptions (see going concern within the Directors Report for further details), with the established customer base of the business still requiring a range of hedging products in the face of an uncertain economic backdrop.

The implications of lower global demand for imports, exports and asset movements means that the short-term run rate for the months ahead is uncertain and consequently hard to predict. The Directors however remain confident that the diversity of its operations geographically and its client base, along with the Company's robust credit and liquidity risk management framework, will help reduce any impact.

As the COVID-19 pandemic was an unknown virus with no evidence of human to human transfer at the balance sheet date, it represents a non-adjusting event and therefore has not resulted in any change to the amounts presented in the statement of comprehensive income or balance sheet.

As at the date on which this set of financial statements were authorised for issue, as the situation is ongoing, the Directors cannot reliably quantify the final impact on the financial position or operations as a result of COVID-19. The implications of COVID-19 on the business have however been considered in detail in order to support the going concern conclusion (see going concern within the Directors Report for further details).

Capital injection in subsidiary

On 25 August 2020 the Company injected further capital of £421k into Moneycorp Brasil Participacoes Ltda, a wholly-owned subsidiary, which it subsequently passed down to Moneycorp Banco de Cambio.

On behalf of the Board

N Haslehurst
Director
18 September 2020

TTT Moneycorp Limited
Directors' report
For the year ended 31 December 2019

The Directors present their report and the audited financial statements of TTT Moneycorp Limited (the 'Company') incorporated and domiciled in England and Wales, United Kingdom (UK) for the year ended 31 December 2019.

Controlling interest
The holding company of the Moneycorp Group (see note 31 to the financial statements for definition of the 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.

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

Representatives of Bridgepoint Europe IV (Nominees) Limited	S Green	Chairman (resigned 29 July 2020)
Executive Director	N Haslehurst	Chief Financial and Operating Officer
Executive Director	M Horgan	Chief Executive Officer (resigned 2 March 2020)
Executive Director	A Harrison	Head of Risk and Compliance (appointed 2 March 2020)
Non-Executive Director	R Moores	(resigned 29 July 2020)

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.

Principal activities and outlook
The principal activity of the Company is acting as a broker in the provision of foreign currency products specifically foreign exchange spots, forwards and options to businesses and individuals. The Company is authorised and regulated by the FCA. The Company has branches in Spain, Ireland, France and Romania which are not subject to the regulation by the FCA.

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 3-9.

Results and dividends
The statement of comprehensive income for the year ended 31 December 2019 is set out on page 16. The Directors do not recommend the payment of a dividend (year ended 31 December 2018: nil).

Performance measurement
The Company's most significant Key Performance Indicators (KPIs) are measured as follows:

- Revenue growth
- Customer acquisition and retention
- EBITDA growth

Charities and donations
Donations of £17k were made during the year for charitable purposes (2018: £3k). No interim dividends were declared during the current or prior year and the Directors do not recommend the payment of a final dividend (2018: nil).

Directors' duties under Section 172 of the Companies Act 2006
When performing their duties under Section 172 of the Companies Act 2006 the Directors must have regard to the following considerations. We have detailed below how the Directors have done so during the year.

- The likely consequence 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, customers 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.

Directors' duties under Section 172 of the Companies Act 2006 - continued
The Company's long term strategy is outlined in the Strategic Report. The Company operates in a highly regulated environment and as steps are taken to achieve its strategic objective, the Directors pay careful consideration to the corresponding risks faced by the Company. The risks the Directors consider, and how they mitigate where possible, or manage them, are outlined in the Strategic Report.

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. The Company's values of accountability, collaboration, determination, integrity and recognition are embedded throughout the performance framework.

The Company's policy is not to discriminate against anyone, on any grounds. Training is available and provided to all levels of staff, and investment in employee development is a priority. The Company is committed to employment policies which follow best practice, based on equal opportunities for all employees, 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. If members of staff become disabled the Company continues employment, either in the same or alternative position, with appropriate retraining being given if necessary.

The intention of the Directors is to behave responsibly and ensure that management operate the business in a responsible manner, operating with the high standard of conduct expected of a regulated business such as ours. The intention is to nurture our reputation through the relationships that are created and managed with our key stakeholders.

This is achieved through:
- Holding regular Board meetings to ensure the strategic direction of the Company is being set and monitored;
- Holding regular risk committee meetings to ensure that Company is meeting its regulatory requirements; and
- Communicating to its employees any key decisions that impact the business in a timely manner.

Going concern
The Directors assess the Company's going concern for a period of at least 12 months from 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, with particular focus given to the COVID-19 risk.

In making this assessment the Directors considered:
- Whether there is sufficient liquidity and financing to support the business, its corporate transactions and future trading;
- Whether post balance sheet trading is in line with expectations;
- If the Company would be able to trade after the impact of a reasonable downside scenario on performance;
- Continued availability of financing facilities and trading lines;
- The adequacy of insurance cover;
- The regulatory environment in which the Company 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.

The performance for the Company for the first half of 2020 has been detailed in the subsequent events section of the Strategic Report. Despite the current global pandemic, the results for first half of 2020 show the Company has continued to perform consistently against prior year results, and ahead of scenario planning detailed below.

In order to further support the going concern assumption the Directors have undertaken scenario planning to understand the impact on the EBITDA and cash flows for the Moneycorp Group's International Payment business unit (which includes the Company).

Going concern - continued
This included various scenarios including a stress scenario (25% reduction to revenue from Quarter 1 2020 results).

The Directors have concluded that even if the stress scenario were to occur, the Company could continue to operate as a going concern and trade through this uncertain period after giving consideration to the following supporting factors:

- The Directors have concluded negotiations with the Moneycorp Group's lenders about further increases to the revolving credit facility and to allow for a relevant adjustment to bank covenants to be made to reflect current conditions;
- The agreed financial support from the ultimate controller in the form of short term funding or increased equity funding in order to support operations; and
- The diversity of the Company's operations geographically, product offerings and client base assists in reducing the overall risk.

Having duly considered the evidence, the Directors are confident that the Company will remain a going concern for the period of at least 12 months from the date of approval of the annual financial statements and accordingly the financial statements have been prepared on this basis. The financial statements do not include any adjustments that would result if the Company were unable to continue as a going concern.

Brexit
Following the passing of the EU (Withdrawal Agreement) Bill on 31 January 2020 the UK has left the European Union (EU), but is allowed to continue its current relationship until the end of the transitional period being 31 December 2020. During the transitional period the UK and EU are to negotiate their future relationship.

The terms of that future relationship remain uncertain at the signing date of these financial statements and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy. The Directors have considered current business plans and assessed all the risks faced by the Company, including the ability to continue as a going concern as a result of Brexit.

On 24 June 2020 the Moneycorp Group was granted a MiFID and e-money licence in Ireland through Moneycorp Technologies Limited (MTL). The Moneycorp Group will migrate existing clients that are EU resident, that currently trade via the Moneycorp Group's UK based incorporated businesses, to MTL in the second half of 2020.

Statement of Directors' responsibilities in respect of 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the EU have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for 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.

TTT Moneycorp Limited
Directors' report
For the year ended 31 December 2019

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.

Independent auditors
The auditors PricewaterhouseCoopers 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

N Haslehurst
Director
18 September 2020

Report on the audit of the financial statements

Opinion

In our opinion, TTT Moneycorp Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 31 December 2019; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

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

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.

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

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

Use of this report
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Sheena Coutinho (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 September 2020

TTT Moneycorp Limited
Statement of comprehensive income
For the year ended 31 December 2019

	Note	2019 £000	2018 Restated* £000
Continuing operations:			
Revenue	7	53,172	49,988
Administrative expenses	8	(58,543)	(52,489)
Other income – rental		49	524
Net foreign exchange gain/(losses)		484	(160)
Operating loss		(4,838)	(2,137)
Finance income - net investment interest		140	36
Finance costs	9	(730)	(38)
Net finance costs		(590)	(2)
Loss before tax		(5,428)	(2,139)
Tax credit/(charge)	10	1,470	(467)
Loss and total comprehensive loss for the year attributable to the owners of the Company		**(3,958)**	**(2,606)**

* See note 2 for details regarding the restatement as a result of an error and a change in presentation of operating lines previously included within revenue.

No other comprehensive income items were recorded during the year (2018: nil).

The above statement should be read in conjunction with the accompanying notes on pages 20 to 53.

TTT Moneycorp Limited
Balance sheet
As at 31 December 2019

	Note	2019	2018 Restated*	1 January 2018 Restated*
		£000	£000	£000
Non-current assets				
Goodwill and other intangible assets	11	21,791	21,392	5,481
Property, plant and equipment	12	1,960	2,588	3,049
Right-of-use assets	13	8,039	-	-
Investment in subsidiaries	14	5,456	4,183	239
Net investment receivable	13	2,155	-	-
Deferred tax asset	19	1,037	-	534
		40,438	**28,163**	**9,303**
Current assets				
Cash and cash equivalents	16	347,302	371,817	281,368
Trade and other receivables	17	100,242	84,376	81,906
Prepayments		909	1,219	1,916
Net investment receivable	13	272	-	-
Derivative financial instruments	18	81,636	49,614	60,542
Current tax assets		1,437	2,042	248
		531,798	**509,068**	**425,980**
Total assets		**572,236**	**537,231**	**435,283**
Non-current liabilities				
Borrowings	22	(1,159)	(1,124)	(1,087)
Lease liabilities	13	(10,688)	-	-
Deferred tax liability	19	-	(341)	-
		(11,847)	**(1,465)**	**(1,087)**
Current liabilities				
Trade and other payables	20	(417,734)	(423,265)	(307,826)
Provisions	21	(2,683)	(1,486)	-
Lease liabilities	13	(1,392)	-	-
Derivative financial instruments	18	(73,661)	(42,138)	(55,394)
		(495,470)	**(466,889)**	**(363,220)**
Total liabilities		**(507,317)**	**(468,354)**	**(364,307)**
Net assets		**64,919**	**68,877**	**70,976**
Equity				
Share capital	24	350	350	350
Other reserves		808	808	301
Retained earnings		63,761	67,719	70,325
Total equity		**64,919**	**68,877**	**70,976**

* See note 2 for details regarding the restatement as a result of an error and change in presentation of provisions previously included within trade and other payables.

The financial statements of TTT Moneycorp Limited (registered number 00738837) were approved by the Board of Directors and authorised for issue on 18 September 2020. The Directors do not have the power to amend the financial statements after issue. They were signed on its behalf by:

N Haslehurst
Director

The above balance sheet should be read in conjunction with the accompanying notes on pages 20 to 53.

TTT Moneycorp Limited
Statement of changes in equity
For the year ended 31 December 2019

	Share Capital £000	Other reserves £000	Retained earnings £000	Total Equity £000
Balance at 1 January 2018 (Restated*)	350	301	70,325	70,976
Profit from First Rate FX Limited	-	507	-	507
Loss for the year	-	-	(2,606)	(2,606)
Total comprehensive loss	-	-	(2,606)	(2,606)
Balance at 31 December 2018 (Restated*)	**350**	**808**	**67,719**	**68,877**
Balance at 1 January 2019	350	808	67,719	68,877
Loss for the year	-	-	(3,958)	(3,958)
Total comprehensive loss	-	-	(3,958)	(3,958)
Balance at 31 December 2019	**350**	**808**	**63,761**	**64,919**

* See note 2 for details regarding the restatement as a result of an error.

The above statement should be read in conjunction with the accompanying notes on pages 20 to 53.

TTT Moneycorp Limited
Statement of cash flows
For the year ended 31 December 2019

	Note	2019 £000	2018 Restated* £000
Cash flows from operating activities			
Net cash (used in)/ generated from operations	25	(16,129)	113,398
Interest received		-	36
Interest paid		-	(1)
Income tax refund received		1,500	-
Income tax paid		(803)	(2,001)
Net cash (outflow)/inflow from operating activities		(15,432)	111,432
Cash flows from investing activities			
Purchases of property, plant and equipment		(116)	(471)
Purchases of intangible assets		(4,448)	(5,039)
Investment in subsidiaries	14	(2,888)	(15,473)
Proceeds from net investment receivable		398	-
Net cash outflow from investing activities		(7,054)	(20,983)
Cash flows from financing activities			
Repayments of lease liability		(2,029)	-
Receipt on behalf of related party borrowings		-	32,143
Payment on behalf of related party for investment acquisition		-	(32,143)
Net cash outflow from financing activities		(2,029)	-
Net (decrease)/increase in cash and cash equivalents		**(24,515)**	**90,449**
Cash and cash equivalents at the beginning of the year		**371,817**	**281,368**
Cash and cash equivalents at the end of the year	16	**347,302**	**371,817**

* See note 2 for details regarding the restatement as a result of an error.

The above statement should be read in conjunction with the accompanying notes on pages 20 to 53.

1. GENERAL INFORMATION

TTT Moneycorp 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 9.

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 pound sterling (GBP), which is the Company's functional and presentation currency, and have been rounded to the nearest thousand pounds, except when otherwise indicated. Foreign operations are consolidated in accordance with the policies set out in note 5.

2. BASIS OF PREPARATION

Compliance with IFRS
The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies reporting under International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and interpretations issued by the IFRS Interpretations Committee (IFRS IC).

Historical cost convention
The financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities (including derivative financial instruments) which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs on the fair value measurement in its entirety. Refer to note 18 for details over each level.

Going concern basis
The Directors assess the Company's going concern for a period of at least 12 months from 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, with particular focus given to the COVID-19 risk.

In making this assessment the Directors considered:
- Whether there is sufficient liquidity and financing to support the business, its corporate transactions and future trading;
- Whether post balance sheet trading is in line with expectations;
- If the Company would be able to trade after the impact of a reasonable downside scenario on performance;
- Continued availability of financing facilities and trading lines;
- The adequacy of insurance cover;
- The regulatory environment in which the Company 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.

The performance for the Company for the first half of 2020 has been detailed in the subsequent events section of the Strategic Report. Despite the current global pandemic, the results for the first half of 2020 show the Company has continued to perform consistently against prior year results, and ahead of scenario planning detailed below.

2. BASIS OF PREPARATION - CONTINUED

Going concern basis - continued

In order to further support the going concern assumption the Directors have undertaken scenario planning to understand the impact on the EBITDA and cash flows for the Moneycorp Group's International Payment business unit, which includes the Company (see note 31 for definition of Group). This included various scenarios including a stress scenario (25% reduction to revenue from Quarter 1 2020 results).

The Directors have concluded that even if the stress scenario were to occur, the Company could continue to operate as a going concern and trade through this uncertain period after giving consideration to the following supporting factors:

- The Directors have concluded negotiations with the Moneycorp Group's lenders about further increases to the revolving credit facility and to allow for a relevant adjustment to bank covenants to be made to reflect current conditions;
- The agreed financial support from the ultimate controller in the form of short term funding or increased equity funding in order to support operations; and
- The diversity of the Company's operations geographically, product offerings and client base assists in reducing the overall risk.

Having duly considered the evidence, the Directors are confident that the Company will remain a going concern for the period of at least 12 months from the date of approval of the annual financial statements and accordingly the financial statements have been prepared on this basis. The financial statements do not include any adjustments that would result if the Company were unable to continue as a going concern.

Correction of prior period error

The below errors were identified in the current financial year:

- £733k of asset additions in 2017 were incorrectly classified as property plant and equipment rather than intangible assets and carried forward into 2018.
- Intangible asset development costs for a specific asset were capitalised in the Company financial statements rather than transferred to a related party within the Moneycorp Group between 2014 and 2018. The amortisation of this asset had a consequential impact on administrative expenses.
- Administrative expenses were overstated as a result of accelerated amortisation of some intangible assets and management recharges from related parties in relation to intangible asset amortisation.

The errors have been corrected by restating each of the affected financial statement lines for the prior periods as follows:

Balance sheet (extract)	1 January 2018	Increase / (decrease)	1 January 2018 (Restated)
	£000	£000	£000
Assets			
Goodwill and other intangible assets	4,997	484	5,481
Property, plant and equipment	3,782	(733)	3,049
Trade and other receivables	81,596	310	81,906
Net assets	70,915	61	70,976
Equity			
Retained earnings	70,264	61	70,325
Total equity	70,915	61	70,976

Statement of comprehensive income (extract)	2018	Profit increase / (decrease)	2018 (Restated)
	£000	£000	£000
Administrative expenses	(53,993)	1,504	(52,489)
Loss for the year (after tax)	(4,110)	1,504	(2,606)

2. BASIS OF PREPARATION - CONTINUED

Correction of prior period errors – continued

Balance sheet (extract)	**31 December 2018**	**Increase / (decrease)**	**31 December 2018 (Restated)**
	£000	**£000**	**£000**
Assets			
Goodwill and other intangible assets	19,550	1,842	21,392
Property, plant and equipment	3,321	(733)	2,588
Trade and other receivables	83,920	456	84,376
Net assets	67,312	1,565	68,877
Equity			
Retained earnings	66,154	1,565	67,719
Total equity	67,312	1,565	68,877

The adjustments above have had a consequential impact on the statement of cash flows.

Comparative numbers – further restatements
The Company has changed the presentation of the following items during the current year as the classification has been deemed more relevant and appropriate to the Company. For comparability, the prior year presentation has also been updated.
- Provisions are shown separately on the balance sheet rather than within trade and other payables; and
- Net foreign exchange gains/(losses) and other income – rental are shown separately in the statement of comprehensive income rather than within revenue.

There have been no changes to the reported loss before tax or overall net asset positions presented within the primary statements as a result of the above presentation changes. Certain other prior year comparatives within the notes to the financial statements have been updated to reflect current year presentation.

3. NEW AND REVISED STANDARDS ADOPTED IN THE CURRENT PERIOD

The Company has adopted the following standards and amendments for the first time for the annual reporting year commencing 1 January 2019:
- IFRS 16 *Leases*
- IFRIC 23 *Uncertainty over income tax treatment*
- Amendments to IFRS 9 *Financial Instruments - Prepayment features with negative compensation*
- Amendments to IAS 19 *Employee benefits – Plan amendment, curtailment or settlement*
- Amendments to IAS 28 *Investments in associates and joint ventures - Long-term interests in associates and joint ventures*
- Annual improvement to IFRSs 2015-2017 Cycle

Other than IFRS 16 discussed below, none of these developments have had a material effect on how the Company's statement of comprehensive income and balance sheet for the current or prior period have been prepared or presented.

IFRS 16 Leases
IFRS 16 - *Leases* was issued in January 2016 and adopted by the Company for the first time for the annual reporting year commencing 1 January 2019.

In accordance with the transition provisions in IFRS 16, the new rules have been adopted retrospectively with the cumulative effect of initially applying the new standard recognised on 1 January 2019 (the modified retrospective approach). Comparatives for the 2018 financial year have not been restated.

On adoption, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. These liabilities have been measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.4%.

3. NEW AND REVISED STANDARDS ADOPTED IN THE CURRENT PERIOD - CONTINUED

IFRS 16 Leases- continued

The aggregate lease liability recognised on the balance sheet at 1 January 2019 and the Company's operating lease commitment at 31 December 2018 can be reconciled as follows:

	£000
Operating lease commitment at 31 December 2018	16,305
Less: adjustments for prepaid expenses not considered in operating lease commitment	(450)
Plus: adjustments as a result of a different treatment of extension and termination options	918
Effect of discounting the lease commitments at the date of initial application	(3,344)
	13,429

A net investment receivable of £2,685k has been recognised as at 1 January 2019 in relation to the sublease of property where the Company holds the head lease on the balance sheet as a lease liability. Previous rental receipts were recognised in other income as rental income however from 1 January 2019 future lease receipts have been capitalised in line with the treatment of the corresponding head lease liability. This asset was measured at the present value of the remaining lease receipts discounted using the same rate as the head lease as at 1 January 2019.

Right-of use assets were measured at the amount equal to the lease liability, adjusted for the net investment receivable and by the amount of any prepaid or accrued lease payments relating to that lease recognised on the balance sheet as at 31 December 2018.

As a result of the adoption on 1 January 2019 a right-of-use assets was recognised as a non-current asset of £9,118k, prepayments reduced by £391k and trade and other payables reduced by £2,018k. There was no impact of adoption on retained earnings on 1 January 2019.

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- initial direct costs have not been included in the measurement of the right-of-use asset as at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

4. NEW AND REVISED STANDARDS NOT YET ADOPTED

Certain new standards and interpretations have been published that are not mandatory for the 31 December 2019 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 3 - *Business Combinations*	Amendment	1 January 2020
IAS 1 - *Presentation of Financial Statements*	Amendment	1 January 2020
IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors*	Amendment	1 January 2020
Revised Conceptual Framework for Financial Reporting	Amendment	1 January 2020
IFRS 17 - *Insurance Contracts*	New	1 January 2021
IFRS 10 - *Consolidated Financial Statements*	Amendment	Yet to be advised
IAS 28 - *Investments in Associates and Joint Ventures*	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 both years presented unless otherwise stated.

Business combinations
Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interest issued by the Company in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date values for the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that does not qualify as a measurement period adjustment, depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance IFRS 9 *Financial Instruments*, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in the statement of comprehensive income.

Foreign currencies
Trading transactions denominated in foreign currencies are translated into the functional currency at the exchange rate 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 the statement of comprehensive income.

Intangible assets

Goodwill
Goodwill is initially recognised and measured as set out in 'business combinations' above.

Goodwill is not amortised but is tested for impairment. For the purpose of impairment testing, goodwill is allocated to cash-generating units (see note 11). Cash-generating units (CGUs), to which goodwill has been allocated, are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated firstly to reduce the carrying amount of any goodwill allocated to the unit and secondly to the other assets of the unit pro-rated on the basis of the carrying amount of each asset in the unit. An impairment loss recognised on goodwill is not reversed in subsequent periods.

5. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Goodwill - continued
On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Customer relationships
Customer relationships recognised upon business combinations are accounted for at fair value at the acquisition date and amortised on a straight line basis over the term, or expected term, of the relationships.

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 in which the asset is ready for use. 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.

Estimated useful lives are as follows:

Customer relationships	2 to 6 years
Computer software	4 to 5 years

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 can't 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 to 10 years
Computer equipment	4 years

Leasehold properties are depreciated over the period of the leases. Improvements to leased properties, including fixtures and fittings and computer equipment, are depreciated over the expected life of those improvements/assets, or period of the lease, whichever is more reflective of the expected economic life of the asset.

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

Assets that were held under finance leases, prior to the adoption of IFRS 16, were depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the lease.

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 scrappage 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.

5. SIGNIFICANT ACCOUNTING POLICIES - 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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Investment in subsidiaries
Investment holdings are valued at the lower of cost and net realisable value. The carrying amounts of investments are reviewed annually to determine whether there is any indication of impairment. If any indication exists, the assets recoverable amount is estimated to determine the amount of impairment loss. An impairment loss is recognised in the statement of comprehensive income in the period it arises.

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 a financial liability 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 and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

Trade and other receivables
Trade and other receivables relate to international payment receivables, for unsettled client trades, and related party receivables. They are recognised at original contract value and subsequently measured at amortised cost, using the effective interest method, less loss allowance.

5. SIGNIFICANT ACCOUNTING POLICIES - 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 credit 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

Borrowings
Borrowings are initially measured at fair value less attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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

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 financial year which are unpaid. 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 contract value, or expected contract value being the best estimate of fair value and subsequently measured at amortised cost using the effective interest method.

Included in trade and other payables is the Company's obligation to individuals and corporates in regards to outstanding customer balances. They are recognised at the cash consideration received being the best estimate of fair value.

Derivative financial instruments
The Company enters into a variety of derivative financial instruments for trading purposes acting as a broker in the provision of foreign exchange spot, forward and option contracts to businesses and individuals. In addition, a small number of derivative financial instruments are entered into in order to manage exposure to the Company's foreign exchange rate risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the statement of comprehensive income within revenue. Further details regarding the fair value measurement and valuation process of derivative financial instruments are disclosed in note 18.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Derivative financial instruments are held for trading and as such are presented as a current asset or a current liability, irrespective of the contractual maturity date.

5. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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
A summary of the Company's main revenue streams is provided below:

International payments
Revenue primarily consists of the margin earned between the buying and selling price of currencies sold in foreign exchange spot, forward and option deals. As these contracts are classed as financial instruments, revenue is recognised based on the requirements of IFRS 9 *Financial Instruments*. Revenue is recognised on trade date and presented as net gain on financial instruments held at fair value through profit or loss.

A fixed fee is charged to customers who trade lower amounts of currency in their international payment transactions. Payment of the fixed fee is due when the customer makes the transaction. International payments generally have only one performance obligation and revenue is recognised at the point in time when control of the foreign currency purchased is transferred to the customer.

Customers are also able to buy currency and load it onto a card rather than have physical currency. Prepaid card revenue is earned and recognised when the customer buys the currency to load onto a card. Revenue is also earned when the customer uses the card such as for POS transactions, ATM withdrawals, cash outs, money transfers or incurs inactivity charges. Fees vary depending on the transaction and are either fixed or a percentage of the transaction amount. Prepaid card revenue has one performance obligation and is recognised at the point in time when the transaction is made, generally when the customer spends or withdraws.

Leases
The Company leases office space. As explained in note 3, the Company has amended its accounting policy for leases from 1 January 2019 as a result of the adoption of IFRS 16. Comparative figures have not been restated therefore both the prior year policy and new accounting policy are detailed below.

Policy for comparative figures
Until 31 December 2018, leases were classified as finance leases whenever the terms of the lease transferred substantially all the risks and rewards of ownership to the lessee. All other leases were classified as operating leases.

Rentals payable under operating leases were charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease.

Policy from 1 January 2019
From 1 January 2019 the Company assesses whether a contract is, or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Lease payments for these leases are recognised on a straight-line basis as an expense in the statement of comprehensive income.

For contracts where the supplier has substantive rights to substitute the asset throughout the period of use, these do not meet the definition of a contract that contains a lease under IFRS 16 and as such payments are recognised as an expense in the statement of comprehensive income in the period in which they are incurred.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the following lease payments:

- fixed payments (including in-substance fixed payments) less any lease incentives;
- variable lease payment that are based on an index or a rate;
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option; and
- payments to be made under extension options when it is reasonably certain the Company will extend the lease.

5. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Leases - continued
The lease liability is initially measured at the present value of the above lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Company, the lessee's incremental borrowing rate is used. This is determined to be the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

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

- the lease term changes, or there is a change in the assessment of the likelihood of exercising a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a recalculated discount rate; or
- the lease payments change due to changes in an index or rate, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Net investment receivables are recognised in relation to any sublease of property where the Company holds the head lease on the balance sheet as a lease liability. The net investment receivable is initially measured at the present value of the future lease receipts that are not received at the commencement date, discounted using the same rate used for the head lease. The net investment receivable is subsequently measured by increasing the carrying amount to reflect interest on the asset (using the effective interest method) and by reducing the carrying amount to reflect the lease payments received.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, adjusted for any net investment receivable, plus lease payments made at or before the commencement date and any initial direct costs. They are depreciated over the lease term or useful life of the underlying asset, whichever is shorter. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

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.

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 year end are disclosed in note 23 and are included within trade and other payables on the balance sheet.

Provisions
Provisions are recognised when it is probable a present obligation will lead to an outflow of economic resources from the business. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Where possible outflows from the business are considered improbable, that is considered a contingent liability and no liability is recognised.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

5. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Current taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit 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 is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit/(loss) nor the accounting profit/(loss).

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also accounted for in other comprehensive income.

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

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

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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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.

6. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY - CONTINUED

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.

Provisions and contingent liabilities
Provisions can arise from time to time in relation to ongoing litigation. When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

However, when the Company is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Company does not include detailed, case-specific disclosures in its financial statements. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar legal proceeding, if any. Significant judgement is required to conclude on these estimates.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at 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 Company. 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 goodwill
Determining whether goodwill is impaired requires an estimation of the value in use and the fair value less cost of the CGUs to which goodwill has been allocated. These calculations require the Company to estimate the future cash flows expected to arise from each CGU as well as a suitable discount rate in order to calculate present value. Refer to note 11 for details over the goodwill impairment assessment including key judgements and assumptions made.

Useful lives of property, plant and equipment and intangible assets
As described in note 5, the Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

Fair value measurements and valuation processes
Derivative financial assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available (Level 1). Foreign currency forwards and options are considered to be Level 2 as the fair value measurements are derived from inputs other than quoted prices that are directly or indirectly observable.

The fair value of derivative financial assets and liabilities are stated after adjustments to reflect counterparty credit risk.

Information about the valuation techniques and inputs used in determining the fair value, including adjustments for credit risk, are disclosed in note 18.

The Company recognises derivative financial assets when counterparty positions are out of the money (from the perspective of the counterparty). Derivative financial liabilities are recognised by the Company when counterparty positions are in the money (from the perspective of the counterparty).

Counterparty credit risk adjustments on derivative financial assets are recorded in the statement of comprehensive income. To prevent an accounting mismatch, the Company has elected to recognise credit risk adjustments on derivative financial liabilities in the statement of comprehensive income rather than in other comprehensive income. The key judgements for counterparty credit risk adjustments are the credit ratings which are assigned internally by the Moneycorp Group Credit Department to counterparties and the corresponding default rate assigned to each credit rating.

6. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY - CONTINUED

Fair value measurements and valuation processes- continued

Further judgements are made in regards to the default rate assigned to the Company which is applied to derivative financial assets in order to reflect the possibly of default by the Company. See note 18 for further details.

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. In addition, for loans to which the three-stage general model of impairment is applied, judgement is required to determine which indicators represent a significant increase in credit risk and thereby trigger the recognition of a lifetime ECL allowance.

Taxation

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Company's latest budget forecasts, which are adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit, and expectations regarding future financing costs. The tax rules in the numerous jurisdictions in which the Company operate are also carefully taken into consideration.

If a forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties are assessed individually by management based on the specific facts and circumstances. See note 19 for details of deferred tax balances.

Deferred taxation

Deferred taxation assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income.

The Directors have made an assessment of how much is expected to be utilised against future taxable income based on future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

7. REVENUE

	2019 £000	2018 Restated* £000
Revenue earned from financial instruments:		
Net gains on financial instruments held at fair value through profit or loss	50,790	46,848
	50,790	46,848
Revenue from contracts with customers:		
Commission	2	580
Fees and charges	705	653
Prepaid cards	1,305	1,409
	2,012	2,642
Other:		
Operating interest income	370	498
	370	498
Total revenue	53,172	49,988

* See note 2 for details regarding the restatement as a result change in presentation of operating balances previously included within revenue now shown separately on the face of the statement of comprehensive income.

International payments commission of £2k was earned from an associate entity of the Moneycorp Group (2018: £580k).

8. ADMINISTRATIVE EXPENSES

Administrative expenses comprise the following:

	2019 £000	2018 Restated* £000
Staff costs (see note 8a)	15,416	15,511
Commissions	6,604	8,261
Management charges	6,083	2,424
Amortisation of intangible assets (see note 11)	4,049	3,191
Depreciation of property, plant and equipment (see note 12)	744	932
Depreciation of right-of-use assets (see note 13)	1,079	-
Bank charges and transaction fees	3,455	3,176
Advertising and marketing	2,735	2,182
Other personnel costs	2,111	1,542
Irrecoverable value-added tax	2,068	1,777
Write down of investment in subsidiary (see note 14)	1,615	30
Legal and professional	1,439	1,174
Travel and entertainment	1,441	1,197
IT support and maintenance	1,397	1,507
Property expenses	1,390	1,346
Net impairment losses on financial assets (see note 26)	956	292
Communications	847	749
Auditors' remuneration (see note 8b)	437	232
Operating interest paid on client held funds	259	33
Operating lease rentals	260	1,821
Insurance	185	150
Other administrative costs	250	387
One-off costs	3,723	4,575
	58,543	52,489

* See note 2 for details regarding the restatement.

8a. Staff costs

The average monthly number of employees (including executive directors) was:	2019 Number	2018 Number
Management and administration	6	11
Operations	196	194
	202	205

Their aggregate remuneration comprised:	2019 £000	2018 £000
Wages and salaries	13,560	13,808
Social security costs	1,525	1,383
Other pension costs (see note 23)	331	320
	15,416	15,511

8. ADMINISTRATIVE EXPENSES - CONTINUED

8b. Auditors' remuneration

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

	2019 £000	2018 £000
Fees paid to the Company's auditors		
Audit of the Company's annual financial statements	325	100
Audit of the Company's prior year financial statements - incurred in the current year	87	85
Audit fees incurred on behalf of Group entities - current year financial statements	-	17
Audit fees incurred on behalf of Group entities - prior year financial statements incurred in 2018	-	8
Total audit fees to the Company's auditors	**412**	**210**
Other non-audit fees		
- Agreed upon procedures - Payment Services Directive reporting	25	8
- Other assurance services - prior year client asset audit incurred in 2018 on behalf of a Group entity	-	14
Total non-audit fees to the Company's auditors	**25**	**22**
Total fees to the Company's auditors	**437**	**232**

9. FINANCE COSTS

	2019 £000	2018 £000
Interest on loan from parent entity	35	38
Lease liability interest (see note 13)	695	-
	730	38

10. TAX (CREDIT)/CHARGE

	2019 £000	2018 £000
Current tax:		
Current year charge	708	810
Adjustments in respect of prior years	(800)	(603)
	(92)	207
Deferred tax (see note 19):		
Current year (credit)/charge	(846)	227
Adjustments in respect of prior years	(620)	66
Effect of change in corporation tax rate on deferred tax balances	88	(33)
Total tax (credit)/charge for the year	(1,470)	467

Corporation tax is calculated at 19.00% (2018: 19.00%) of the estimated assessable loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

10. TAX (CREDIT)/CHARGE - CONTINUED

The total tax (credit)/charge for the year can be reconciled to the loss per the statement of comprehensive income as follows:

	2019 £000	2018 Restated* £000
Loss before tax on continuing operations	(5,428)	(2,139)
Tax at the UK corporation tax rate of 19.00% (2018: 19.00%)	(1,031)	(406)
Tax effect of expenses that are not deductible	11	1,297
Non-taxable income	-	(385)
Prior year adjustments	(1,420)	(537)
Tax effect of Group relief given	601	610
Effect of change in corporation tax rate on deferred tax balances	88	(33)
Effect of lower tax rates of branches operating in other jurisdictions	(142)	(193)
Tax losses where no deferred tax is recognised	423	-
Tax charge following hive up of subsidiary operations	-	114
Total tax (credit)/charge for the year	(1,470)	467

* See note 2 for details regarding the restatement.

In the 2016 Budget the UK Government announced that the corporation tax rate applicable from 1 April 2020 would be reduced to 17%. In March 2020 the UK Government announced that legislation will be introduced in the Finance Bill 2020 to amend the main rate of Corporation tax to 19% for the 2020 and 2021 financial years.

11. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill £000	Customer relation-ships £000	Computer software £000	Total £000
At 1 January 2018 (restated*)				
Cost	-	-	9,061	9,061
Accumulated amortisation	-	-	(3,580)	(3,580)
Carrying amount	-	-	5,481	5,481
Year ended 31 December 2018 (restated*)				
Opening carrying amount	-	-	5,481	5,481
Additions	10,874	3,232	5,039	19,145
Net disposals	-	-	(43)	(43)
Amortisation charge	-	(472)	(2,719)	(3,191)
Closing carrying amount	10,874	2,760	7,758	21,392
At 31 December 2018 (restated*)				
Cost	10,874	3,232	14,055	28,161
Accumulated amortisation	-	(472)	(6,297)	(6,769)
Carrying amount	10,874	2,760	7,758	21,392
Year ended 31 December 2019				
Opening carrying amount	10,874	2,760	7,758	21,392
Additions	-	-	4,448	4,448
Net disposals	-	-	-	-
Amortisation charge	-	(640)	(3,409)	(4,049)
Closing carrying amount	10,874	2,120	8,797	21,791
At 31 December 2019				
Cost	10,874	3,232	18,503	32,609
Accumulated amortisation	-	(1,112)	(9,706)	(10,818)
Carrying amount	10,874	2,120	8,797	21,791

* See note 2 for details regarding the restatement.

11. GOODWILL AND OTHER INTANGIBLE ASSETS - CONTINUED

The carrying amount of goodwill held at the balance sheet date is allocated to CGUs as follows:

	2019 £000	2018 £000
International payments – UK/Europe	10,874	10,874
Total goodwill	10,874	10,874

Goodwill was acquired in 2018 as a result of the hive-up of First Rate FX Limited.

Cash generating units
As a result of the hive-up, goodwill in relation to the First Rate FX Limited acquisition forms part of the Moneycorp Group International payments (IP) – UK/Europe CGU as this is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill and intangible assets impairment review
The recoverable amount for the IP – UK/Europe CGU was determined based on the higher of fair value less costs to sell (FVLCS) and value in use (VIU) estimations. The valuation is Level 3 in the fair value hierarchy (see note 18 for definitions).

The valuation of the CGU was based on the FVLCS methodology, with cross checks performed against the VIU valuation.

FVLCS
FVLCS is calculated using 2019 results and applying a multiple which reflects the stage of business, product lines and industry in which the CGU operates. The below multiple has been used:

- EBITDA multiple: used to value established businesses with historical and steady growth.

Key assumptions	**IP UK/ Europe**
Goodwill and other intangible assets £000 *	124,927
Multiple methodology	EBITDA
Multiple applied	16.0

* The goodwill and other intangible assets above of £124,927k is the total for the IP UK/Europe CGU for the Moneycorp Group, of which £21,791k is held by the Company.

The multiple applied was obtained by referencing those of comparable companies (either via acquisition publications or from listed companies) in the international payments industry that are considered similar to the CGU.

Sensitivity analysis
A calculation was made for the level which would result in the carrying amount being equal to the recoverable amount as set out in the table below. Based on this, assessed against the comparable multiple shown above, Management believe there is sufficient headroom for the year ended 31 December 2019 for the CGU.

	IP UK/ Europe
Multiple methodology	EBITDA
Multiple in which the recoverable amount is equal to the carrying amount	9.1

11. GOODWILL AND OTHER INTANGIBLE ASSETS - CONTINUED

2018 Goodwill and intangible assets impairment review

For the 2018 impairment review, the International payments – UK/Europe CGU was assessed and it was concluded that there was no impairment to recognise. The key assumptions and metrics for the impairment review in the prior year included:

FVLCS key assumptions	**IP UK/ Europe**
Goodwill and other intangibles assets £000 *	127,939
Multiple methodology	EBITDA
Multiple applied	14.0

* The goodwill and other intangible assets above of £127,939k is the total for the IP UK/Europe CGU for the Moneycorp Group, of which £21,392k is held by the Company.

12. PROPERTY, PLANT AND EQUIPMENT

* See note 2 for details regarding the restatement.

	Leasehold Properties £000	**Fixtures and fittings £000**	**Computer equipment £000**	**Finance leases £000**	**Total £000**
At 1 January 2018 (restated*)					
Cost	1,185	4,924	7,646	16	13,771
Accumulated depreciation & impairment	(1,025)	(3,173)	(6,508)	(16)	(10,722)
Carrying amount	160	1,751	1,138	-	3,049
Year ended 31 December 2018 (restated*)					
Opening carrying amount	160	1,751	1,138	-	3,049
Additions	-	247	224	-	471
Net disposals	-	-	-	-	-
Depreciation charge	(5)	(339)	(588)	-	(932)
Closing carrying amount	155	1,659	774	-	2,588
At 31 December 2018 (restated*)					
Cost	1,185	5,171	7,870	16	14,242
Accumulated depreciation & impairment	(1,030)	(3,512)	(7,096)	(16)	(11,654)
Carrying amount	155	1,659	774	-	2,588
Year ended 31 December 2019					
Opening carrying amount	155	1,659	774	-	2,588
Additions	-	3	113	-	116
Net disposals	-	-	-	-	-
Depreciation charge	(4)	(314)	(426)	-	(744)
Closing carrying amount	151	1,348	461	-	1,960
At 31 December 2019					
Cost	1,185	5,174	7,983	-	14,342
Accumulated depreciation & impairment	(1,034)	(3,826)	(7,522)	-	(12,382)
Carrying amount	151	1,348	461	-	1,960

* See note 2 for details regarding the restatement.

The finance leases related to ATM machines which have been recognised as a right-of-use asset in 2019 as a result of the adoption of IFRS 16 (see notes 3 and 13 for further details).

13. LEASES

13a. Amount recognised on the balance sheet
The balance sheet shows the following amounts relating to leases:

Right-of-use asset

	Buildings £000	ATMs £000	Total £000
At 1 January 2019 *			
Cost	9,118	16	9,134
Accumulated depreciation	-	(16)	(16)
Carrying amount	9,118	-	9,118
Year ended 31 December 2019			
Opening carrying amount	9,118	-	9,118
Depreciation charge	(1,079)	-	(1,079)
Closing carrying amount	8,039	-	8,039
At 31 December 2019			
Cost	9,118	16	9,134
Accumulated depreciation	(1,079)	(16)	(1,095)
Carrying amount	8,039	-	8,039

Net investment receivable
A net investment receivable has been recognised in relation to the sublease of property where the Company holds the head lease on the balance sheet as a lease liability.

	2019 £000	1 January 2019* £000
Non-current	2,155	2,427
Current	272	258
	2,427	2,685

Lease liability	2019 £000	1 January 2019* £000
Non-current	10,688	12,080
Current	1,392	1,349
	12,080	13,429

* In the previous year, the Company only recognised lease assets and lease liabilities on the balance sheet in relation to leases that were classified as 'finance leases' under IAS 17 *Leases*, specifically ATM leases. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, please refer to note 3.

13b. Amounts recognised in the statement of comprehensive income
The statement of comprehensive income shows the following amounts relating to leases:

	2019 £000	2018 £000
Recognised in administrative expenses (see note 8):		
Depreciation charge of right-of-use assets	(1,079)	-
Expense relating to short-term leases	(260)	-
	(1,339)	-
Recognised in finance income:		
Net investment interest income	140	-
	140	-
Recognised in finance costs (see note 9):		
Lease liability interest expense	(695)	-
	(695)	-

14. INVESTMENT IN SUBSIDIARIES

The Company is a parent company of a number of subsidiaries which operate and are incorporated in various locations globally. Information about the direct subsidiaries of the Company at the balance sheet date are set out below. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of incorporation (or registration)	Principal activity	Proportion of ownership interest and voting power held	
			2019	**2018**
Moneycorp SLU	Spain	Introducing broker	100%	100%
TTT Moneycorp Pty Limited	Australia	Foreign exchange provider	100%	100%
Moneycorp Brasil Participacoes Ltda	Brazil	Investment holding	100%	99%
First Rate FX Limited	UK	Dormant	100%	100%

The investments in subsidiaries are all stated at cost.

	2019 £000	2018 £000
Carrying amount at 1 January	4,183	239
Acquisitions	2,888	16,959
Write-down of investment in subsidiary	(1,615)	(30)
Hive-up of subsidiary	-	(12,985)
Carrying amount at 31 December	5,456	4,183
Comprising:		
Moneycorp SLU	2	2
TTT Moneycorp Pty Limited	-	-
Moneycorp Brasil Participacoes Ltda	3,862	2,589
First Rate FX Limited	1,592	1,592
	5,456	4,183

The Company is also the intermediate parent entity of the following subsidiaries at the balance sheet date:

Name of entity	Place of incorporation (or registration)	Principal activity	Proportion of ownership interest and voting power held	
			2019	**2018**
Rochford Capital Pty Limited *	Australia	Advisory services	100%	-
Novo Mundo Holding Financeira S/A**	Brazil	Investment holding	90%	42.5%
Moneycorp Banco de Cambio **	Brazil	Foreign exchange provider	90%	42.5%

**Acquired during the 2019 financial year*

*** Novo Mundo Holding Financeira S/A owns 100% of the share in Moneycorp Banco de Cambio (previously called Novo Mundo Corretora de Cambio S/A). In 2018 Moneycorp Brasil Participacoes Ltda only held a non-controlling interest in Novo Mundo Holding Financeira S/A, therefore Moneycorp Banco de Cambio was not included in the above table. In 2019 both Novo Mundo Holding Financeira S/A and Moneycorp Banco de Cambio have been consolidated in the Moneycorp Group financial statements.*

Moneycorp Brasil Participacoes Ltda

Additional share capital of Brazilian real 14,392k (£2,888k) was issued by Moneycorp Brasil Participacoes Ltda to the Company during the year. This was primarily used to fund the acquisition of Novo Mundo Holding Financeira S/A, a holding company which owns 100% of the shares in Moneycorp Banco de Cambio, a Brazilian FX business.

The acquisition of Novo Mundo Holding Financeira S/A by Moneycorp Brasil Participacoes Ltda, which was achieved in stages, highlighted to the Company that there were indicators that its investment in Moneycorp Brasil Participacoes Ltda may be impaired. After further review an impairment write-down has been recognised in the statement of comprehensive income of £1,615k during the year in line with IAS 36 *Impairment of Assets.* Management performed a further impairment assessment over all investments held at cost at the balance sheet date, including the investment in Moneycorp Brasil Participacoes Ltda, and concluded that there was no further impairment required.

15. FINANCIAL ASSETS AND LIABILITIES

Categories of financial instruments

	2019 £000	2018 Restated* £000
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	347,302	371,817
Trade and other receivables	100,242	84,376
Net investment receivable	2,427	-
Financial assets at fair value through profit or loss		
Derivative financial instruments held for trading	81,636	49,614
	531,607	505,807
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	(417,734)	(423,265)
Borrowings	(1,159)	(1,124)
Lease liability	(12,080)	-
Financial liabilities at fair value through profit or loss		
Derivative financial instruments held for trading	(73,661)	(42,138)
	(504,634)	(466,527)

* See note 2 for details regarding the restatement.

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.

16. CASH AND CASH EQUIVALENTS

	2019 £000	2018 £000
Company cash and bank balances	2,500	1,763
Customer held funds	344,802	370,054
	347,302	371,817

TTT Moneycorp Limited is regulated by the Financial Conduct Authority under the Payment Services Directive and is required to keep these funds in a client safeguarding account. The carrying amount of these assets is approximately equal to their fair value.

Cash and cash equivalents at the end of the reporting year as shown in the statement of cash flows can be reconciled to the related items on the balance sheet as shown above.

17. TRADE AND OTHER RECEIVABLES

	2019 £000	2018 Restated* £000
Amounts falling due within one year:		
Trade receivables	2,052	737
Loss allowance (see note 26)	(1,045)	(251)
	1,007	486
Related party receivables (see note 30)	98,221	82,449
Other debtors	1,014	1,441
	100,242	84,376

* See note 2 for details regarding the restatement.

Included in the other debtors balance is £933k of funds in dispute (2018: £933k). See note 29 for further details.

18. DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of derivative financial assets is calculated as the mark to market (MTM) less any credit valuation adjustments (CVA) to reflect counterparty credit risk. The fair value of the derivative financial liabilities is calculated as the MTM less any debit valuation adjustments (DVA).

The MTM of the foreign currency forwards and options are provided by an external valuation company and discussed further under the fair value hierarchy below.

The Company carries out an internal credit assessment of each counterparty prior to entering into a trading relationship, performed by the Moneycorp Group Credit Department. The grading scale that the Company uses ranges from credit grade 1 (investment grade equivalent, being the least risky) to credit grade 7 (in essence an entity which appears failed, being the most risky). In order to calculate the CVA for derivative financial assets a default rate is assigned to each credit rating. Whilst the Company has not carried out an exercise in allocating a credit rating using credit rating agencies, both an expected credit grading and default rate have been estimated based on management experience and judgement. These estimates are used to adjust the derivative asset value in order to take into account the credit risk of the counterparty.

For certain clients, the Company requires collateral to be posted when their positions are out of the money above a certain tolerance level. Where the Company is holding collateral from a client, those funds are deducted from the derivative financial asset exposure before the CVA is calculated.

Similarly a DVA is applied to the derivative financial liabilities to reflect the risk of the Company defaulting on the balance payable to the counterparty. This default rate has been estimated by management based on an expected credit grading that would be assigned to the Company, and then applying a corresponding default rate to that grading using credit rating agencies as a guide.

Un-adjusted forwards MTM (excluding CVA and DVA)	**2019**	**2018**
	£000	**£000**
Financial assets		
Foreign currency forward contracts	66,163	41,054
Foreign currency option contracts	16,071	9,251
Total financial assets	82,234	50,305
Financial liabilities		
Foreign currency forward contracts	(60,582)	(34,697)
Foreign currency option contracts	(16,071)	(9,251)
Total financial liabilities	(76,653)	(43,948)

Adjusted fair value (as presented on the balance sheet)	**2019**	**2018**
	£000	**£000**
Financial assets		
Foreign currency forward contracts	65,565	40,363
Foreign currency option contracts	16,071	9,251
Total financial assets	81,636	49,614
Financial liabilities		
Foreign currency forward contracts	(58,159)	(33,059)
Foreign currency option contracts	(15,502)	(9,079)
Total financial liabilities	(73,661)	(42,138)

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable. Levels are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

18. DERIVATIVE FINANCIAL INSTRUMENTS - CONTINUED

Fair value hierarchy - continued

The value of foreign currency forward contracts are determined using observable forward exchange rates and contract forward rates, adjusted to take into account the credit risk of the counterparty.

Foreign currency options are valued using a range of market standard valuation models. The model and methodology used is dependent on the type of option product. The key inputs are:

- underlying value of the currency
- strike price
- time to expiration
- volatility of underlying asset
- risk free rate

The foreign currency option valuations are then adjusted to take into account the credit risk of the counterparty.

	2019			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets				
Foreign currency forward contracts	-	65,565	-	65,565
Foreign currency option contracts	-	16,071	-	16,071
Total	-	81,636	-	81,636
Financial liabilities				
Foreign currency forward contracts	-	(58,159)	-	(58,159)
Foreign currency option contracts	-	(15,502)	-	(15,502)
Total	-	(73,661)	-	(73,661)

	2018			
	Level 1 £000	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets				
Foreign currency forward contracts	-	40,363	-	40,363
Foreign currency option contracts	-	9,251	-	9,251
Total	-	49,614	-	49,614
Financial liabilities				
Foreign currency forward contracts	-	(33,059)	-	(33,059)
Foreign currency option contracts	-	(9,079)	-	(9,079)
Total	-	(42,138)	-	(42,138)

There were no transfers between levels in the current or prior years.

19. DEFERRED TAX

The following are the deferred tax liabilities and assets recognised by the Company and movements therein during the current and prior reporting years.

	2019 £000	**2018 £000**
Balance at the beginning of the year	(341)	534
Deferred tax liability recognised	-	(615)
Credit/(charge) to the statement of comprehensive income	846	(227)
Prior year adjustment	620	(66)
Effect of change in tax rate charge	(88)	33
Balance at the end of the year	1,037	(341)

19. DEFERRED TAX - CONTINUED

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

	2019 £000	2018 £000
Deferred tax liabilities:		
Customer relationships timing differences	(524)	(525)
Revaluation of financial assets	(95)	(186)
	(619)	(711)
Deferred tax assets:		
Accelerated tax depreciation	1,656	357
Revaluation of financial assets	-	13
	1,656	370
Net deferred tax asset/(liability)	1,037	(341)

In the 2016 Budget the UK Government announced that the corporation tax rate applicable from 1 April 2020 would be reduced to 17%. In March 2020 the UK Government announced that legislation will be introduced in the Finance Bill 2020 to amend the main rate of Corporation tax to 19% for the 2020 and 2021 financial years. The Company has provided for deferred tax at the UK corporation tax rate of 17% as this was the rate enacted for the 2020 and 2021 financial years at the balance sheet date. If the change in rate to 19% had been enacted before the balance sheet date the impact on the Company's deferred tax balances would have been an increase in assets of £197k and an increase in liabilities of £73k.

20. TRADE AND OTHER PAYABLES

	2019 £000	2018 Restated* £000
Amounts falling due within one year:		
Customer held funds	351,103	350,796
Related party payables (see note 30)	57,280	62,315
Accruals	6,777	8,019
Employee related payables	1,044	984
Trade payables	733	674
Other payables	797	477
	417,734	423,265

* See note 2 for details regarding the restatement as a result change in presentation of provision balances previously included within trade and other payables now shown separately on the face of the balance sheet.

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.

21. PROVISIONS

	2019 £000	2018 £000
Carrying amount at the start of the year	1,486	-
Arising from acquisition of subsidiary	-	1,486
Charged to the statement of comprehensive income	1,197	-
Carrying amount at the end of the year	2,683	1,486

In 2018 a provision was recognised in relation to the earn-out payable related to the acquisition of First Rate FX Limited (acquired in January 2018) which was under negotiation at the date of signing. A further £1,197k has been recognised in the current year to increase the earn-out payable provision to £2,100k as well as providing for other completion considerations. These amounts remain under negotiation with the former shareholders of First Rate FX Limited as part of a legal dispute over the completion accounts. Refer to note 29 for further details. The recognised provision reflects the Directors' best estimate of the most likely outcome of the legal dispute.

22. BORROWINGS

	2019 £000	2018 £000
Non-current		
Related party loan	1,159	1,124
	1,159	1,124

The Company has a loan owning to Regent Acquisitions (Holdings) Limited, a related company, at year end. The loan was issued in November 2013 for a sum of £4,750k. The loan is unsecured and has a maturity date of 31 December 2024. An interest rate of 12% is charged on the loan.

23. 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 2019 the Company had a liability of approximately £42k (31 December 2018: £56k), included in trade and other payables in the accompanying balance sheet, related to the pension scheme. During the year the Company made pension contributions to the scheme on behalf of key management personnel of £9k (2018: £9k).

24. SHARE CAPITAL

	2019 £000	2018 £000
Authorised:		
350,000 (2018: 350,000) ordinary shares of £1 each	350	350
Issued and fully paid:		
350,000 (2018: 350,000) ordinary shares of £1 each	350	350

The Company has one class of ordinary shares which carry no right to fixed income.

25. NOTES TO THE CASH FLOW STATEMENT

25a. Net cash (used in)/generated from operations	2019 £000	2018 Restated* £000
Operating loss	(4,838)	(2,137)
Adjustment for non-cash items:		
Amortisation of intangible assets	4,049	3,191
Depreciation of property, plant and equipment	744	932
Depreciation of right-of-use asset	1,079	-
Foreign exchange gain on revaluation of lease liability	(15)	-
Loss on disposal of intangible assets	-	43
Write-down of investment in subsidiary	1,615	30
	2,634	2,059
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(47,969)	9,155
Increase in trade and other payables	29,207	102,184
Net cash (used in)/generated from operations	(16,128)	113,398

* See note 2 for details regarding the restatement.

25b. Net cash reconciliation

	Cash (excluding client held funds) £000	Liabilities from financing activities: Lease liabilities £000	Borrowings £000	Total £000
Opening balance at 1 January 2018	1,817	-	(1,087)	730
Cash flows	(54)	-	-	(54)
Foreign exchange adjustments	-	-	-	-
Other changes *	-	-	(37)	(37)
Net cash as at 31 December 2018	1,763	-	(1,124)	639
Recognised on adoption of IFRS 16 on 1 January 2019 (see note 3)	-	(13,429)	-	(13,429)
Opening balance at 1 January 2019	1,763	(13,429)	(1,124)	(12,790)
Cash flows	737	2,029	-	2,766
Foreign exchange adjustments	-	15	-	15
Other changes *	-	(695)	(35)	(730)
Net debt as at 31 December 2019	2,500	(12,080)	(1,159)	(10,739)

* Other changes include non-cash movements and interest accrued on liability balances.

26. FINANCIAL RISK MANAGEMENT

Financial risk management objectives
The main risks arising from the Company's financial instruments are market risk (including foreign currency and interest rate risks), credit risk and liquidity risk. The Board approves prudent treasury policies for managing each of the risks which are summarised below.

Market risk
The Company's business activities primarily involve brokering regulated derivative contracts, specifically foreign currency forwards and foreign currency options, to customers and entering back to back arrangements with vendors. The back to back nature of the transactions eliminates exchange rate risk for the Company and means the financial exposure is limited to client credit risk.

26. FINANCIAL RISK MANAGEMENT - CONTINUED

Market risk - continued

The Company has considered other risks including market risk (currency risk, interest rate risk and price risk), liquidity risk and cash flow interest rate risk. Any change in foreign currency risk for a given client contract will be mitigated by an offset in the corresponding back to back contract arrangement.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The sensitivity to market risk in relation to derivative financial instruments is therefore immaterial.

Foreign currency risk management

The Company undertakes derivative transactions denominated in foreign currencies, however is not consequently exposed to exchange rate fluctuations. All exchange rate fluctuations between the Company and the customer are economically hedged through a corresponding movement in the contract entered into with the vendor.

The Company maintains bank balances in a number of currencies, and is therefore exposed to movements in foreign exchange rates on these balances. Cash and cash equivalent balances held in foreign currencies at year end were as follows:

Currency	2019 £000	2018 £000
Euro (EUR)	155,213	105,713
United States dollar (USD)	75,529	151,422
Australian dollar (AUD)	5,106	6,130
Canadian dollar (CAD)	4,651	3,745
Hong Kong dollar (HKD)	4,277	2,269
United Arab Emirates dirham (AED)	2,200	1,083
Swiss franc (CHF)	1,628	3,085
Mexican peso (MXN)	1,451	356
South African rand (ZAR)	1,154	976
New Zealand dollar (NZD)	1,131	944
Swedish krona (SEK)	1,116	1,032
Chinese yuan (CNY)	803	28
Romanian leu (RON)	782	745
Norwegian krone (NOK)	695	1,545
Japanese yen (JPY)	659	893
Danish krone (DKK)	613	1,084
Saudi riyal (SAR)	510	217
Bahraini dinar (BHD)	492	38
Kuwaiti dinar (KWD)	468	61
Qatari riyal (QAR)	397	249
Singapore dollar (SGD)	383	467
Polish zloty (PLN)	381	370
Hungarian forint (HUF)	260	49
Thai baht (THB)	171	791
Moroccan dirham (MAD)	148	41
Indian rupee (INR)	143	77
Turkish lira (TRY)	128	86
Russian ruble (RUB)	125	183
Israeli new shekel (ILS)	115	425
Philippine peso (PHP)	66	292
Omani rial (OMR)	45	222
Czech koruna (CZK)	11	390
Chinese yuan (CNH)	(710)	105
Other foreign currencies (individual balances less than £100k)	300	139
Total foreign currency risk	260,441	285,252

26. FINANCIAL RISK MANAGEMENT - CONTINUED

Foreign currency risk management - continued
At 31 December 2019, if the GBP had weakened by 5% against the above currencies with all other variables held constant, the recalculated post-tax results for the year would have been £13,707k (2018: £15,013k) higher. Conversely a 5% strengthening of GBP would have resulted in the post-tax results being £12,402k (2018: £13,583k) lower.

Exchange rate exposures are managed within approved policy parameters utilising hedging.

Interest rate risk management
The Company has intercompany borrowings from Regent Acquisition (Holdings) Limited of £1,159k (2018: £1,124k) secured at a 12% fixed rate. The Company is therefore not exposed to any material interest rate risk.

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.

The Company does provide a limited amount of credit to its customers and credit exposures can arise, normally for a short period of time, as the Company depends on its customers to pay for monies and services provided and to honour their contractual obligations on foreign exchange contracts. All material credit exposures require approval by the Moneycorp Group Credit Committee comprising individuals independent of business revenue generation. Credit exposures are monitored regularly against approved risk limits, with client margins called for where appropriate.

For certain clients the Company requires collateral to be posted when their positions are out of the money above a certain tolerance level. The collateral held is recorded within cash and cash equivalents - customer held funds.

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
- Trade and other receivables

Cash and cash equivalents are held with a number of reputable credit institutions, therefore the ECL is immaterial.

For trade and other receivables an ECL has been calculated in line with the simplified approach outlined in the accounting policy in note 5, which uses a lifetime expected loss allowance. To measure the ECL, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles over a period of 24 months before the balance sheet date and the corresponding historical credit losses experienced within this period.

The historical loss rates are adjusted to reflect current and forward-looking information, which is both reasonable and supportable, taking into account macroeconomic factors affecting the ability of the customers to settle the receivables. After careful consideration it has been determined that no adjustments for forward looking considerations were required as at 31 December 2019 (2018: nil).

Based on historical recovery rates for international payment receivables, the loss allowance as at 31 December 2019 was determined as 0.62% for anything aged less than 30 days (2018: 0.42%). Anything aged greater than 60 days becomes highly unlikely of recovery based on the general 2-3 day turn around cycle between trade maturity and settlement and therefore 100% ECL has been applied to this category.

The loss allowances for trade and other receivables at the balance sheet date can be reconciled to the opening loss allowances as follows:

	2019	**2018**
	£000	**£000**
Opening ECL provision	251	653
Increase in loss allowance recognised in profit or loss during the year	956	292
Receivables written off during the year as uncollectible	(162)	(694)
Closing ECL provision	1,045	251

The above increase in loss allowance during the year can be reconciled to the net impairment losses on financial assets presented within administrative expenses (see note 8).

26. FINANCIAL RISK MANAGEMENT - CONTINUED

Credit risk for financial assets at amortised cost – continued

Included in the loss allowance recognised in 2019 is £840k related to one international payment customer balance aged greater than 60 days which has had a 100% ECL applied in line with the above methodology.

Credit quality

In the absence of external credit ratings, the credit quality of financial assets are assessed by management taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal limits set by the Board. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Company carries out a credit assessment of each counterparty prior to entering into a trading relationship. These assessments are carried out internally and each counterparty is given a grading. The grading scale that the Company uses ranges from credit grade 1 (investment grade equivalent, being the least risky) to credit grade 7 (in essence an entity which appears failed, being the most risky).

The below table discloses the gross amount of exposure the Company has for each credit grade.

Derivative financial assets		**2019**	
	Forward contracts £000	**Option contracts £000**	**Total £000**
Counterparties internal credit rating:			
Credit grade 6	777	-	777
Credit grade 5	6,639	-	6,639
Credit grade 4	2,572	-	2,572
Credit grade 3	1,403	-	1,403
Credit grade 2	-	-	-
Credit grade 1	340	-	340
Credit grade - other*	6,460	14,209	20,669
	18,191	14,209	32,400
Counterparties with external credit ratings	47,374	1,862	49,236
Total derivative financial assets	65,565	16,071	81,636

		2018	
	Forward contracts £000	**Option contracts £000**	**Total £000**
Counterparties internal credit rating:			
Credit grade 6	245	-	245
Credit grade 5	5,484	-	5,484
Credit grade 4	3,309	-	3,309
Credit grade 3	1,155	-	1,155
Credit grade 2	-	-	-
Credit grade 1	-	-	-
Credit grade - other*	8,847	3,653	12,500
	19,040	3,653	22,693
Counterparties with external credit ratings	21,323	5,598	26,921
Total derivative financial assets	40,363	9,251	49,614

*The 'other' grouping contains all smaller counterparties, including private clients and small companies, where an average credit adjustment has been applied.

Liquidity risk management

The settlement of forward and option contracts, and other short term working capital requirements, necessitates adequate liquidity which is generated through intra-day settlement facilities. These facilities are provided through financial institutions with which the Company has a long trading history. 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.

26. FINANCIAL RISK MANAGEMENT - CONTINUED

Liquidity risk tables

The following table detail the Company's remaining contractual maturity for its non-derivative 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	Between 1 and 2 years £000	Between 2 and 5 years £000	5+ years £000	Total £000
At 31 December 2019					
Borrowing principal and interest payments:					
- Related party loan	-	-	1,882	-	1,882
Lease liability	2,014	1,974	5,781	4,817	14,586
Trade and other payables	417,734	-	-	-	417,734
	419,748	1,974	7,663	4,817	434,202
At 31 December 2018					
Borrowing principal and interest payments:					
- Related party loan	-	-	-	1,882	1,882
Lease liability	-	-	-	-	-
Trade and other payables	423,265	-	-	-	423,265
	423,265	-	-	1,882	425,147

The following table details the Company's liquidity analysis for its derivative financial instruments based on contractual maturities. Brokering derivative contracts, specifically foreign currency forwards and foreign currency options, involves entering back to back contracts with the customer and vendor. The back to back nature of the transactions means that for each trade there is a cash outflow in one currency and a corresponding cash inflow in the same currency and as such it would be inappropriate to present only the liability positions. Foreign exchange options are fully back to back and therefore there is no net settlement value.

Assets	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	5+ years £000	Total £000
At 31 December 2019					
Foreign exchange forwards	58,707	6,245	613	-	65,565
Foreign exchange options	9,060	6,359	377	275	16,071
	67,767	12,604	990	275	81,636
At 31 December 2018					
Foreign exchange forwards	35,881	3,407	1,075	-	40,363
Foreign exchange options	5,774	1,950	1,527	-	9,251
	41,655	5,357	2,602	-	49,614

Liabilities	Within 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	5+ years £000	Total £000
At 31 December 2019					
Foreign exchange forwards	(52,228)	(5,436)	(495)	-	(58,159)
Foreign exchange options	(8,752)	(6,109)	(377)	(264)	(15,502)
	(60,980)	(11,545)	(872)	(264)	(73,661)
At 31 December 2018					
Foreign exchange forwards	(29,311)	(2,814)	(934)	-	(33,059)
Foreign exchange options	(5,666)	(1,946)	(1,467)	-	(9,079)
	(34,977)	(4,760)	(2,401)	-	(42,138)

27. 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.

The capital structure of the Company consists of net (debt)/cash (as disclosed in note 25b) and equity comprising of issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

The Company is regulated by the Financial Conduct Authority under the Payment Services Directive and is required to keep an appropriate amount of client funds in a client safeguarding account.

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

28. COMMITMENTS AND CONTINGENT LIABILITIES

28a. Operating lease arrangements

The Company leases office space as a lessee under a non-cancellable operating lease. From 1 January 2019 the Company assesses whether a contract is, or contains, a lease under IFRS 16 and if so subsequently recognises a right-of-use asset and a corresponding lease liability. See notes 3 and 13 for further details. The below represents the lease expense recognised during the year, and outstanding commitments for future minimum lease payments under non-cancellable operating leases, for leases which do not meet the criteria to be recognised on the balance sheet in line with IFRS 16, or are short term in nature.

	2019 £000	2018 £000
Lease payments under operating leases recognised as an expense in the year	260	1,821

At the balance sheet date the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, outside of those already recognised on the balance sheet as a lease liability, which fall due as follows:

	2019 £000	2018 £000
Within one year	14	2,012
In the second to fifth years inclusive	-	7,642
After five years	-	6,651
	14	16,305

28b. Other commitments and contingent liabilities

Other than the operating lease commitments above, the Company has no financial commitments or contingent liabilities outside of liabilities presented on the face of the balance sheet at the reporting date.

29. LITIGATION AND CLAIMS

Following the acquisition of First Rate FX Limited, and as part of the completion accounting, the Company was unable to establish completeness over the client money balances held by First Rate FX Limited. The Company used its own house cash to cover the shortfall in June 2018 and has subsequently recognised a receivable from the former shareholders of First Rate FX Limited in relation to this of £933k (see note 17). The issue is being disputed by the former shareholders of First Rate FX Limited as part of a legal dispute over the completion accounts.

Two of the former shareholders of First Rate FX Limited have lodged a claim for unfair dismissal against their former employer TTT Moneycorp Limited. This, along with the settlement of the acquisition earn-out payable arising from the completion accounts, and other completion accounting matters are all in dispute with the former shareholders of First Rate FX Limited. A provision has been recognised at year end in regards to the disputed amounts (see note 21). The dispute is currently ongoing with both parties agreeing to appoint an independent accountant to opine on the completion accounts and the completeness over the client money balances. This is expected to occur by Q3 of 2020. The independent results will assist in both parties agreeing on the currently disputed balances so that a final resolution is reached and settlement can be made.

29. LITIGATION AND CLAIMS - CONTINUED

The Company was not part of any other legal proceeding during the reporting year.

30. RELATED PARTY BALANCES AND TRANSACTIONS

30a. Trading transactions

Commission revenue earned on traded derivative contracts from related parties is disclosed in note 7. Balances relating to management charges are disclosed below in note 30d.

Trade receivable and trade payable balances held with related parties at year end are disclosed in notes 17 and 20 respectively, and can be broken down as follows:

	2019 £000	2018 £000
Related party receivables		
Receivables from the parent company	57,856	57,547
Receivables from subsidiaries	134	23
Receivables from other Moneycorp Group companies	40,231	24,879
Total related party receivables	98,221	82,449
Related party payables		
Payables to subsidiaries	(5,308)	(8,582)
Payables to other Moneycorp Group companies	(51,972)	(53,733)
Total related party payables	(57,280)	(62,315)

Derivative financial instruments between the Company and its related parties are disclosed below.

The following derivative positions were held with other Moneycorp Group companies at year end:

	2019 £000	2018 £000
Related party financial assets		
Foreign currency forward contracts	3,835	1,870
Foreign currency option contracts	14,208	3,653
Total related party financial assets	18,043	5,523
Related party financial liabilities		
Foreign currency forward contracts	(9,208)	(2,156)
Foreign currency option contracts	(1,862)	(5,598)
Total related party financial liabilities	(11,070)	(7,754)

During the year, the Company entered into the following transactions with related companies who are not members of the Moneycorp Group but are connected via common control.

Other related parties
The gross amount of currencies sold to these companies is shown below:

	2019 £000	2018 £000
Element Materials Technology Holding UK Limited	7,006	35,114
Elgin	686	-
Fat Face Limited	50,617	62,128
Hobbycraft Trading Limited	-	14,732
Loc Group Limited	23,458	18,754
Qualitest	2,070	-
Tunstall	29,747	-

These transactions were made on an arm length basis.

30. RELATED PARTY BALANCES AND TRANSACTIONS - CONTINUED

30a. Trading transactions - continued

Other related parties - continued

The following gross amounts relating to unsettled currency contracts were outstanding as at the balance sheet date:

	2019 £000	2018 £000
Fat Face Limited	3,704	11,555
Hobbycraft Trading Limited	-	5,386

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

30b. Directors' and management transactions

The following transactions were entered into by directors of the Company during the year:

- M Horgan entered into foreign exchange transactions yielding commission income for the Company of £22 (2018: £12) with an average margin of 0.02%. No transactions were outstanding at year end.
- N Haslehurst entered into foreign exchange transactions yielding commission income for the Company of £4 (2018: £10) with an average margin of 0.03%. No transactions were outstanding at year end.
- N Haslehurst held €8,317 within his Euro trading account at year end (2018: nil).
- S Green entered into foreign exchange transactions yielding commission income for the Company of £1,226 (2018: £259) with an average margin of 0.02%. No transactions were outstanding at year end.
- S Green held the equivalent of £32,223 within his foreign currency trading accounts at year end (2018: nil).
- R Moores entered into foreign exchange transactions yielding commission income for the Company of £27 (2018: £46) with an average margin of 2.10%. No transactions were outstanding at year end.
- R Moores held €30,090 within his Euro trading account at year end (2018: €123,353).

Private client transactions carried out on standard terms will earn the Company a margin in the range of 1% to 1.5%.

30c. Remuneration of key management personnel

The remuneration of the executive directors of the Company, who are the key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2019 £000	2018 £000
Wages and salaries	1,545	1,227
Post-employment benefits	9	9
	1,554	1,236

One director is a member of a money purchase pension scheme (2018: one director).

The emoluments of the highest paid executive director during the year totalled £888k (2018: £706k). Nil contributions were made during the year, in respect of the highest paid executive director, relating to the money purchase scheme (2018: nil).

No Directors received compensation for loss of office during the year (2018: nil).

30. RELATED PARTY BALANCES AND TRANSACTIONS - CONTINUED

30d. Management charge

	2019 £000	2018 £000
Management charge	6,083	2,424

Net management charges are presented within administration expenses disclosed in note 8. The above amounts reflect the amount recharged to the Company from various Moneycorp Group entities (including £1,087k from a subsidiary company (2018: £1,467k)) offset by amounts recharged from the Company to other Moneycorp Group entities (including £610k to a subsidiary company (2018: £880k)) as governed by intercompany services agreements.

31. MONEYCORP GROUP HOLDING COMPANY AND CONTROLLING ENTITY

At balance sheet date, the Directors consider that the Company's immediate parent and controlling party is Regent Acquisitions Holdings Limited (100% effective holding), incorporated and registered in Jersey, Channel Islands.

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 produces consolidated financial statements and this group (referred to within these financial statements as the 'Moneycorp Group') represents the largest group that the Company is a subsidiary of.

Consolidated financial statements are also produced for Moneta Midco II Limited, a company incorporated and registered in Jersey, Channel Islands. This group represents the smallest group that the Company is a subsidiary of, for which consolidated financial statements are produced.

The consolidated financial statements for Moneta Topco Limited and Moneta Midco II Limited may be obtained from Floor 5, Zig Zag Building, 70 Victoria Street, SW1E 6SQ.

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

32. EVENTS AFTER THE BALANCE SHEET DATE

COVID-19 pandemic

On 31 December 2019 the World Health Organisation (WHO) was informed of cases of pneumonia of unknown causes in China, later identified as a novel coronavirus (referred to as COVID-19). The rapid increase both in the number of cases and the geographic spread resulted in COVID-19 being characterised as a pandemic on 12 March 2020.

The current and future implications of COVID-19 on the Company impact not only on the results of the business, but also on how the day-to-day operations are performed and managed.

The operational resilience and performance of the Company remains strong as it continues to operate productively and in a robust control environment.

As the COVID-19 pandemic was an unknown virus with no evidence of human to human transfer at the balance sheet date, it represents a non-adjusting event and therefore has not resulted in any change to the amounts presented in the statement of comprehensive income or balance sheet.

As at the date on which this set of financial statements were authorised for issue, as the situation is ongoing, the Directors cannot reliably quantify the final impact on the financial position or operations as a result of COVID-19.

The implications of COVID-19 on the business have however been considered in detailed in order to support the going concern conclusion (see note 2 for further details).

Capital injection in subsidiary

On 25 August 2020 the Company injected further capital of £421k into Moneycorp Brasil Participacoes Ltda, a wholly-owned subsidiary, which it subsequently passed down to Moneycorp Banco de Cambio.