TTT Moneycorp Limited

Annual report and financial statements for the year ended 31 December 2022

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

Independent auditor
BDO LLP
55 Baker Street
London
W1U 7EU

Directors
M Pells
G Uniacke

Trading name
Moneycorp

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

Principal activities and overview
The Company is a cross-border (XB) payments business with a principal activity of acting as a broker in the provision of foreign currency spot and forward transactions, and the associated payments, to businesses and individuals throughout the UK.

The Company is authorised and regulated by the Financial Conduct Authority (FCA) for the provision of payment services. For reference, the Company's FRN number is 308919.

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

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

The Company has a suite of tailored solutions which attract and retain clients, including a range of FX products, from spot and forward contracts to regular payment plans, and can support clients make payments in 120+ different currencies to 190 countries. Clients can access our platform via a number of channels including online, mobile-app, APIs, telephone and referring partners.

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

Operational review
The Company reported overall revenue growth in 2022 of 24% to £50,315k. This growth reflects the demand for specialist XB payment services at a time of significant currency volatility, government renegotiations of trade deals and a post-COVID market recovery. The overall profit after tax for the year of £14,722k has improved by £31,272k against prior year (2021: £16,550 loss). The improved performance is mainly driven by increased trading revenue as well as a decrease in costs largely attributed to the implementation of a Group wide Transfer Pricing policy (detailed below). The net assets of the Company at 31 December 2022 were £51,983k (2021: £36,710k).

A global transfer pricing policy was implemented during the year. The performance of the Company includes recharges to and from other entities in the Moneycorp Group for shared costs on an "arm's length basis" using a recognised cost plus a mark-up methodology with externally reviewed benchmark rates that are standardised across the Moneycorp Group.

As part of the new transfer pricing policy, group-wide costs have now been more accurately allocated across all trading entities of the Moneycorp Group based on an allocation base, such as flow, which has resulted on less costs recharged to the Company than in previous years.

Strategy and market opportunity
Moneycorp operates in a rapidly expanding global market and is uniquely positioned between neo-fintech market entrants and incumbent domestic banks as a specialist XB payments platform. Based on our current product offerings, we today operate in a multi-billion Total Addressable Market (TAM) of which we capture a small percentage. This TAM is expected to grow year-on-year, and with market research indicating that new entrants and XB specialists are expected to obtain market share from incumbent banks, we are well placed to capitalise on this growth.

Strategy and market opportunity - continued
We are focused on delivering growth and adding value for our stakeholders across the payments ecosystem. We help clients navigate the complex global payments market, reducing friction at every step.

Our key strategic priorities are:
- ensure a client-focused approach;
- enhance our technology platform;
- be a leader in regulatory excellence; and
- achieve profitable growth through innovation and targeted expansion.

Performance measurement
The Moneycorp Group's three most significant Key Performance Indicators (KPIs), which drive the Company's performance, are measured across two main business units as follows:

- revenue growth;
- client acquisition and retention; and
- EBITDA growth.

Throughout the Strategic Report, EBITDA is defined as earnings before finance costs, tax, depreciation, amortisation and significant one off items.

Each business unit has a management team responsible for the operations of the business unit 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. These are discussed in the operating reviews of each business unit below.

Business unit operating review
During the year the wider Moneycorp Group refinanced its external debt facility. As a result of this, the management accounts used internally are now prepared on an International Financial Reporting Standards (IFRS) basis, consistent with the statutory financial statements (historically management accounts were based on Old Generally Accepted Accounting Practice in the UK (Old UK GAAP)). All measurement policies used in preparing the management results are consistent with those used in preparing the statutory financial statements.

	2022 £000	2021 Restated* £000	Growth £000	Growth %
Revenue (under IFRS)				
UK Payments - Corporate	31,995	25,170	6,825	27%
UK Payments - Private	18,320	15,269	3,051	20%
Total revenue	**50,315**	**40,439**	**9,876**	**24%**

** 2021 results have been restated following the Group adoption of IFRS for management accounting purposes during the year. As this restatement is in relation to management reporting only, there is no impact on the prior year results reported in the Financial Statements.*

The results of the core operating business units are detailed below:

UK Payments - Corporate
This business is centered on SME importers and exporters in the UK. The corporate business unit's revenue increased by 27% (2021: 12% decrease) to £31,995k representing a £6,825k increase. In 2022, market volatility created significant disruption and uncertainty for our clients. In particular, the market dislocation that followed September's 'mini-budget' in the UK led to a swing in the GBP/USD exchange rate from £1:$1.24 to a low of nearly parity, which was unprecedented in recent decades. Additionally, the post-COVID market recovery contributed to a growing demand for companies like Moneycorp, who have both established relationships with clients based on stability and trust, as well as regulatory authorisations to provide a variety of potential XB solutions. Throughout 2022 our team of experts were available to guide clients through bespoke solutions for individual requirements which was a primary driver of performance and growth.

At the Moneycorp Group level, overall revenue retention for the year from our existing Corporate client base was 113%, increasing from 108% in 2021, demonstrating our superior product offering, customer service and competitive pricing.

Business unit operating review - continued

UK Payments - Private

During the year the UK Private business unit saw revenue increase by £3,051k representing a 20% increase (2021: £1,276k, 8% decrease). We are dedicated to serving high-net-worth individuals who need to carry out sizeable foreign currency transactions and manage associated risks. Given the significance and personal nature of such transactions, we offer a tailored, personalised service to our clients with a focus on providing bespoke solutions that cater to their unique needs. At a Moneycorp Group level, we recorded a 30% increase in average transaction value (ATV) across our private client base.

Company outlook

Through our distinctive technology and state-of-the-art platform, we have created an all-in-one scalable technology platform that allows us to meet our clients' ever-evolving needs. This is all underpinned by our difficult-to-replicate global connectivity network, strong regulatory infrastructure including compliance monitoring applications, and our highly experienced and ambitious management team.

Our focus is on the SME segment for clients with complex needs, where our broad scope of offerings and superior technology integration enable our competitive advantage. Additionally, our operationally scalable model means that costs will not grow in parallel with revenue. We continue to explore cost optimisation initiatives to drive further profitability growth and margin expansion.

Looking ahead to 2023, we anticipate an ongoing need for our XB solutions as clients seek stability and reliability amidst macroeconomic uncertainties. As inflation and interest rates continue to rise, and banks tighten their appetite for lending, we anticipate some private clients may face headwinds with their overseas investments, at least in the short term. Our primary objective is to meet the needs of our current clients and increase our market share. Our efforts will involve ongoing investment in our platform to enhance scalability and provide seamless transactions for our clients.

Overall the Company is well positioned for growth in a vast and expanding market into the medium term.

Going concern

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

Risk management

The Company is authorised and regulated by the FCA and does not consider current or known future regulation to be financially or operationally prohibitive.

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

This distribution of responsibilities ensures that decisions regarding risk and return are made at the most suitable level, close to the business, while remaining subject to effective review and challenge. This review and challenge comes from Senior Managers, the Audit Committee, internal audit, the independent risk function, the Risk Committee, and ultimately the Board.

The Company has identified the following key areas of risk:

Operational risk

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

Risk management - continued

Operational risk - continued

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

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

Regulation and compliance risk

Regulatory risk refers to the risk of financial or reputational losses that may arise from failing to comply with the Company's regulatory requirements, while compliance risk refers to the risk of the Company failing to adhere to relevant rules and regulations applicable to its business.

The Company is authorised and regulated by the FCA for the provision of payment services and its Representative Office in Dubai is registered with the Dubai Financial Services Authority.

As a licensed payments and e-money business, the Company is required to comply with safeguarding rules to ensure the protection of client funds received in connection with the provision of payment services.

Regulatory and compliance policy is led centrally by the Moneycorp Chief Risk and Compliance Officer (CRCO) and there is a dedicated compliance team within the business. This team ensures 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 Moneycorp Group's legal team, in collaboration with external legal counsel, advises on the regulatory environments in which the Company operates and provides advice on any measures required to maintain regulatory licences, as appropriate.

Cyber and technology risk

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

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

Currency risk

The Company's business activities involve brokering foreign exchange contracts, such as foreign currency spots and forwards to clients. The Company enters into back-to-back arrangements with liquidity providers, eliminating currency risk on these transactions. Foreign exchange exposure is managed by the Moneycorp Group's Treasury function with profits converted to pounds sterling via foreign exchange spot deals.

The Company maintains bank balances in several currencies and invoices and receives payments in these currencies, which exposes the Company to movements in foreign exchange rates on these balances. However, most of the effects of exchange rate changes on cash and cash equivalents are offset by exchange rate movements on the corresponding liability for client held funds.

Liquidity risk

The Company has a zero risk appetite for liquidity risk which is defined as the risk that it will operate outside regulatory requirements for liquidity or will be, or likely to be, unable to meet its obligations as they fall due.

The Company needs sufficient liquidity to settle cash and derivative financial instrument contracts, and other short-term working capital requirements. This liquidity is generated through retained earnings as well as intra-day settlement and liquidity facilities provided by financial institutions that the Company has a long trading history with.

There is no quantified liquidity requirement set by the FCA for limited licence firms or payment services providers. Fulfilment of the regulatory liquidity requirements are predominantly concerned with maintaining robust systems and controls in place to monitor and manage Moneycorp's liquidity profile and ensure adequate liquid resources are maintained to satisfy the needs of the business.

Risk management - continued

Credit risk

As the Company does not offer conventional forms of credit, credit exposures typically arise from short-term obligations owed by clients and counterparties for funds and services provided, as well as their obligations under foreign exchange contracts.

Credit policies, which are based on the Company and Group's risk appetite, are approved by the Board. These policies require new and material increased client credit exposures to be approved by the independent credit department who assesses creditworthiness using fundamental credit analysis. Credit exposures are overseen by the Moneycorp Group Credit Committee (with oversight from Senior Management in the Company), chaired by individuals who are independent from revenue generation functions.

The credit department monitors credit exposures daily and takes appropriate actions, such as requesting cash margin from clients when predetermined risk limits are reached or in the event of a significant deterioration in a client's credit profile. The Moneycorp Board's Risk Committee periodically reviews and discusses a summary of aggregated and individual credit exposures. There were minimal realised credit losses during the year, and future credit losses are expected to remain within the approved credit risk appetite. For more information, refer to note 31 of the financial statements.

People risk

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

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

Climate-related risk

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

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

The Directors continue to monitor the current Ukraine conflict. Following the invasion on 24 February 2022 the Board reviewed all clients and transactions and confirmed full compliance with all applicable international sanctions. The Company ceased, and continues to cease, offering trades for currency pairs with Russian ruble (RUB) or Ukrainian hryvnia (UAH). All payments to parties on sanction lists, in any currency, were suspended indefinitely. The Company has implemented various additional compliance checks to mitigate any potential risk to the Company and continue to assess for any potential impacts on the Company including demand for foreign currency products, change in credit risk of clients, and operational resilience. There was no impact of the conflict on the Company's business performance during the year.

Directors' duties under Section 172 of the Companies Act 2006

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

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

The intention of the Directors is to behave responsibly and ensure that management operate the business in an appropriate manner, with the high standard of conduct expected of a regulated business such as ours. The intention is to nurture the Company's reputation through building and maintaining relationships with key stakeholders.

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

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

The Company operates in a highly regulated environment and the Directors acknowledge the importance of open and continuous dialogue with its regulators. As steps are taken to achieve its strategic objectives, the Directors pay careful consideration to the corresponding risks faced by the Company. Regular risk committee meetings are held to ensure that the Company is meeting its regulatory requirements including compliance with all FCA requirements. During the year we brought part of our compliance function in-house enabling us to remove a layer of separation between our regulatory stakeholder and our clients.

As a leading organisation, we value community engagement and strive to make a positive impact. The Company sponsored the Walpole 'Brands of Tomorrow' programme, mentoring upcoming businesses in currency, international payments and foreign exchange markets and associated risks. In partnership with Future Frontiers, a number of our staff completed training in 2022 to provide career coaching and access to professional role models for young people from disadvantaged backgrounds.

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

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

Our guiding beliefs are:

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

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

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

Moneycorp's 3 strategic Pillars of ESG

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

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

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

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

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

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

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

Scope
Management assessed all fuel and electricity consumption activities occurring across all UK sites which contribute to overall energy use. It was determined that the following sources of emissions would be recorded, in line with SECR guidelines:

- natural gas consumption from buildings where we have operational control over the boilers (scope 1);
- fuel consumption from vehicles that are owned or controlled by the Company (scope 1);
- natural gas consumption from leased buildings where we do not have operational control over the boilers (scope 2); and
- electricity consumption including from leased buildings (scope 2).

Emissions from business travel in rental cars or employee-owned vehicles, where the Company purchases or reimburses for the fuel, is deemed to be Scope 3 and therefore not included in the GHG emissions below.

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

The method used for calculating GHG emissions is in line with the GHG Protocol Corporate Accounting and Reporting Standard. Energy consumption figures in kWh were obtained from electricity invoices for each relevant site. Consumption through the use of fuel was obtained through spend data which was converted into mileage figures. Energy consumption and mileage figures have been converted into tonnes of carbon dioxide equivalent (tCO_2e) and kWh respectively using the UK Government GHG Conversion Factors for Company Reporting 2022.

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

GHG emissions	**2022**		**2021 (restated*)**	
	GHG Emissions (tCO_2e)	**GHG Emissions Intensity (tCO_2e / FTE)**	**GHG Emissions (tCO_2e)**	**GHG Emissions Intensity (tCO_2e / FTE)**
Emissions source				
Scope 1 (direct)	-	-	-	-
Scope 2 (energy indirect)	24.5	0.18	75.3	0.55
Total	**24.5**	**0.18**	**75.3**	**0.55**

**2021 results have been restated following the Company and wider Moneycorp Group change to use FTE as the normalisation factor for intensity ratio calculations. Previously m^2 was used as the normalisation factor because of Group-wide retail operations, however the last remaining retail operations were closed during 2022. Furthermore we have made changes to the methodology of categorising energy sources to align with those of the wider Moneycorp Group and ultimate controller:*
- The consumption of nature gas was previously reported in Scope 1 however is now reported in Scope 2 as this is purchased from building managers.
- Emissions from business travel in rental cars or employee-owned vehicles was previously reported in Scope 2 and has now been moved to Scope 3 as per UK Government GHG Conversion Factors for Company Reporting guidance.

Moneycorp's 3 strategic Pillars of ESG - continued
GHG emissions and energy consumption - continued

Energy consumption	2022		2021 (restated*)	
	Energy consumption (kWh)	**Energy Intensity (kWh/ FTE)**	**Energy consumption (kWh)**	**Energy Intensity (kWh/ FTE)**
Source of energy consumption				
Natural gas controlled by leased building managers (scope 2)	38,735	284.3	96,318	705.8
Purchased electricity (scope 2)	90,182	661.9	271,686	1,990.9
Emissions from business travel in rental cars or employee-owned vehicles (scope 3)	21,867	160.5	5,091	37.3
Total	**150,784**	**1,106.7**	**373,095**	**2,734.0**

**2021 results have been restated following the Company and wider Moneycorp Group change to use FTE as the normalisation factor for intensity ratio calculations.*

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

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

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

Subsequent events
Deregistration of Australian business
TTT Moneycorp Pty Limited, a subsidiary company, ceased trading in December 2021 and was officially deregistered as a company with the Australian Securities & Investments Commission (ASIC) on 3 April 2023.

Banking turmoil
Regarding the recent banking turmoil in the US, and globally, the Company does not have a direct trading or banking relationship with Silicon Valley Bank, Silvergate Bank, Signature Bank or Credit Suisse or any related entity. While there are a very small number of indirect exposures via clients who bank with Silicon Valley Bank, Silvergate Bank, and/or Signature Bank, these are being carefully monitored for both receipt and sent payments.

On behalf of the Board

M Pells
Director
24 August 2023

TTT Moneycorp Limited
Directors' report
For the year ended 31 December 2022

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 2022.

Controlling interest
The holding company of the Moneycorp Group (see note 35 to the financial statements for the definition of the Moneycorp Group) is Moneta Topco Limited (100% effective holding), a company incorporated and registered in Jersey, Channel Islands. The ultimate controller of Moneta Topco Limited is Bridgepoint Europe IV (Nominees) Limited.

Principal activities and outlook
The principal activities of the Company are acting as a broker in the provision of foreign currency products specifically foreign exchange spots and forwards to businesses and individuals. The Company is authorised and regulated by the Financial Conduct Authority (FCA). The Company has a branch in Romania which is dormant and is not subject to the FCA regulations. The trade and associated balances of the branch were migrated to a related Moneycorp Group company in 2020 and is now in the process of being wound-down. The Company previously had branches in Spain and Ireland which have subsequently been closed following a similar migration.

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 3-11.

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

Executive Director	M Pells	(appointed 23 May 2022)
Executive Director	G Uniacke	(appointed 23 May 2022)
Executive Director	S Jordan	(resigned 12 September 2022)
Executive Director	D Chandler	(resigned 27 May 2022)
Executive Director	A Harrison	(resigned 13 January 2022)
Executive Director	L McDarby	(resigned 27 May 2022)

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

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

Results and dividends
The statement of comprehensive income for the year ended 31 December 2022 is set out on page 18.

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

Charities and donations
Donations of £300 were made during the year for charitable purposes (2021: £4k). No donations were made for political purposes during the year (2021: nil).

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

Going concern assessment - continued
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 (stress testing);
- the adequacy of insurance cover;
- the continued availability of financing facilities and trading lines;
- 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.

Performance subsequent to the reporting date:
The performance for the Company for the first six months of 2023 has been detailed below. The Company has continued to perform well, and is keeping pace with performance from the prior year. This is as a result of the Group's established client base continuing to require a range of cross-border solutions.

Despite the challenging market conditions, the Company is performing well, albeit not as strong as 2022 with revenue for the first six months of 2023 decreasing against the same period in the prior year by (8%), whilst EBITDA has increased 2%. This is reflective of our conservative risk stance in a challenging macro-economic backdrop.

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

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

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

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

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

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

Statement of Directors' responsibilities in respect of the financial statements - continued
In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standard, subject to any material departures disclosed and explained in the financial statements; and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Director's confirmations
In the case of the director in office at the date the Director's 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
BDO LLP have indicated their willingness to continue in office, and a resolution for them to be reappointed will be proposed at the next meeting of the Board of Directors.

On behalf of the Board

M Pells
Director
24 August 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TTT MONEYCORP LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2022

Opinion on the financial statements

In our opinion the financial statements:

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

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Our tests included, but were not limited to:

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

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:

Orla Reilly

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Orla Reilly (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London

Dated: 25 August 2023

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

TTT Moneycorp Limited
Statement of comprehensive income
For the year ended 31 December 2022

	Note	2022 £000	2021 Restated* £000
Continuing operations:			
Revenue	7	50,315	40,439
Direct expenses	8	(11,117)	(8,630)
Administrative expenses	9	(33,920)	(51,352)
Other income	10	7,176	5,300
Net foreign exchange gains/(losses)		2,763	(1,814)
Operating profit/(loss)		15,217	(16,057)
Finance income	11	39	71
Finance costs	12	(690)	(579)
Net finance costs		(651)	(508)
Profit/(loss) before tax		14,566	(16,565)
Tax credit	13	156	15
Profit/(loss) and total comprehensive income/(loss) for the year attributable to the owners of the Company		**14,722**	**(16,550)**

* See note 2 for details regarding the restatement as a result of a change in the presentation of administrative expenses.

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

The above statement should be read in conjunction with the accompanying notes on pages 22 to 60.

TTT Moneycorp Limited
Balance sheet
As at 31 December 2022

	Note	2022 £000	2021 £000
Non-current assets			
Goodwill and other intangible assets	14	20,982	20,938
Property, plant and equipment	15	992	1,289
Right-of-use assets	16	5,758	6,961
Investment in subsidiaries	17	6,202	5,782
Net investment receivable	16	195	570
Deferred tax asset	24	1,202	-
		35,331	**35,540**
Current assets			
Cash and cash equivalents	21	271,423	290,299
Trade and other receivables	22	111,205	115,557
Prepayments		594	794
Net investment receivable	16	375	160
Derivative financial instruments	23	88,591	54,996
Current tax assets		-	852
		472,188	**462,658**
Total assets		**507,519**	**498,198**
Non-current liabilities			
Borrowings	27	(1,290)	(1,255)
Lease liabilities	16	(6,111)	(7,658)
		(7,401)	**(8,913)**
Current liabilities			
Trade and other payables	25	(332,053)	(393,243)
Provisions	26	-	(169)
Borrowings	27	(34,415)	(10,515)
Lease liabilities	16	(1,547)	(1,466)
Derivative financial instruments	23	(79,946)	(47,182)
Current tax liability		(174)	-
		(448,135)	**(452,575)**
Total liabilities		**(455,536)**	**(461,488)**
Net assets		**51,983**	**36,710**
Equity			
Share capital	29	350	350
Capital contribution	29	733	-
Other reserves		808	808
Retained earnings		50,092	35,552
Total equity		**51,983**	**36,710**

The financial statements of TTT Moneycorp Limited (registered number 00738837) were approved by the Board of Directors and authorised for issue on 24 August 2023. The Directors do not have the power to amend the financial statements after issue. They were signed on behalf of the Board by:

M Pells
Director
24 August 2023

The above balance sheet should be read in conjunction with the accompanying notes on pages 22 to 60.

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

	Attributable to owners of the company				
	Share capital	Capital contribution	Other reserves	Retained earnings	Total equity
	£000	£000	£000	£000	£000
Balance at 1 January 2021	350	-	808	52,102	53,260
Loss for the year	-	-	-	(16,550)	(16,550)
Total comprehensive loss	-	-	-	(16,550)	(16,550)
Balance at 31 December 2021	**350**	**-**	**808**	**35,552**	**36,710**
Balance at 1 January 2022	350	-	808	35,552	36,710
Profit for the year	-	-	-	14,722	14,722
Total comprehensive income	-	-	-	14,722	14,722
Dividend in species	-	-	-	(182)	(182)
Share-based payments	-	733	-	-	733
Balance at 31 December 2022	**350**	**733**	**808**	**50,092**	**51,983**

The above statement should be read in conjunction with the accompanying notes on pages 22 to 60.

TTT Moneycorp Limited
Statement of cash flows
For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Cash flows from operating activities			
Net cash used in operations	30	(57,627)	(3,925)
Interest paid		(42)	(7)
Income tax refund received		-	10
Income tax paid		-	(731)
Net cash outflow from operating activities		(57,669)	(4,653)
Cash flows from investing activities			
Purchases of property, plant and equipment	15	(70)	(62)
Purchases of intangible assets	14	(3,805)	(3,849)
Investment in subsidiaries	17	(422)	-
Proceeds from net investment receivable		199	199
Net cash outflow from investing activities		(4,098)	(3,712)
Cash flows from financing activities			
Drawdown of borrowings from related party	27	8,620	-
Repayments of lease liabilities	16	(1,927)	(1,927)
Payments for share buy-backs on behalf of ultimate holding company		(1,277)	-
Cash of European business transferred from other related party		-	12,815
Net cash inflow from financing activities		5,416	10,888
Net (decrease)/increase in cash and cash equivalents		**(56,351)**	**2,523**
Cash and cash equivalents at the beginning of the year		**279,784**	**280,860**
Effects of exchange rate changes on cash and cash equivalents		22,589	(3,599)
Cash and cash equivalents at the end of the year	21	**246,022**	**279,784**

The above statement should be read in conjunction with the accompanying notes on pages 22 to 60.

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 operations and the principal activities of the Company are set out in the Strategic Report on pages 3 to 11.

2. BASIS OF PREPARATION

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

Historical cost convention
The financial statements have been prepared on the historical cost basis, 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 23 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 the signing of the annual report and financial statements. The assessment has been undertaken by considering the risk factors and events arising subsequent to year end, outlined in the Strategic Report.

In making this assessment the Directors considered:
- whether there is sufficient liquidity and financing to support the 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 (stress testing);
- the adequacy of insurance cover;
- the continued availability of financing facilities and trading lines;
- 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 six months in 2023 has been detailed in the going concern section of the Directors' Report. Despite the challenging market conditions, the Company has continued to perform well and ahead of scenario planning, as detailed below.

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

2. BASIS OF PREPARATION - CONTINUED

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

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

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

Comparative numbers
The Company has changed the presentation of related party recharges during the year following the implementation of the Group wide transfer pricing policy. Transfer pricing income has now been separately disclosed within other income rather than presented net within administrative expenses. For comparability, the prior year presentation has also been updated. For further information see note 34. There have been no changes to the reported profit/(loss) after tax or overall net asset positions presented within the primary statements as a result of the above change.

3. NEW AND REVISED STANDARDS ADOPTED IN THE CURRENT YEAR

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

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

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

4. NEW AND REVISED STANDARDS NOT YET ADOPTED

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

Standard	New standard / amendment:	Effective for annual reporting periods beginning on or after:
- IFRS 17 *Insurance Contracts*	New	1 January 2023
- IAS 1 *Presentation of Financial Statements*	Amendment	1 January 2023
- IFRS 16 *Leases*	Amendment	1 January 2024
- IAS 1 *Presentation of Financial Statements*	Amendment	1 January 2024
- IAS 28 *Investments in Associates and Joint Ventures*	Amendment	Yet to be advised
- IFRS 10 *Consolidated Financial Statements*	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) regarding 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 with IFRS 9 *Financial Instruments*, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 14). 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.

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 at 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	2-6 years
Computer software	4-5 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 cannot be recovered. If an indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is calculated as the higher of fair value less costs to sell and value-in-use. If the recoverable amount of an intangible asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense in the statement of comprehensive income.

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

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

Fixtures and fittings	4-10 years
Computer equipment	4 years

5. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property, plant and equipment - continued
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 methods are reviewed at the end of each reporting period, with the effect of any changes in the estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or 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.

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

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

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

Investment in subsidiaries
Investments in subsidiaries 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 asset's 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.

5. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial assets at amortised cost

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

Trade and other receivables
Trade and other receivables relate to client receivables for unsettled 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.

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

Borrowings are removed from the balance sheet when the obligations specified in the contract are 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 balance sheet date.

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 the 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 the original invoice or contract value, or expected contract value, being the best estimate of fair value and subsequently measured at amortised cost using the effective interest method.

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

5. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Financial assets and liabilities at 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, individuals and related entities in the Moneycorp Group. In addition, a small number of derivative financial instruments are entered into 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 23.

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.

Share capital

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

Revenue

Revenue primarily consists of the margin earned between the buying and selling price of currencies sold in foreign exchange spot and forward contracts. 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 a net gain on financial instruments held at fair value through profit or loss.

A fixed fee is charged to clients who trade lower amounts of currency in their international payment transactions. Payment of the fixed fee is due when the client 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 client in accordance with IFRS 15 *Revenue from Contracts with Customers*.

Clients 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 client buys the currency to load onto a card. Revenue is also earned when the client uses the card for POS transactions, ATM withdrawals, cash outs and 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 client spends or withdraws.

Finance income and costs

Interest accrued on borrowings is recorded within finance costs. Additionally the Company classifies interest charged on its operating bank accounts, as well as other costs associated with the management of cash and cash equivalents, and interest on lease liabilities, as finance costs.

Interest earned and paid on client held funds forms part of the general operations of the Company and hence is presented as part of revenue and direct expenses respectively.

Leases

The Company leases its office space. Lease terms are negotiated on an individual basis and can often contain a wide range of different terms and conditions. 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.

5. SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Leases - continued
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 *Leases* 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 that the Company will extend the lease.

The lease liability is initially measured at the present value of the above lease payments that are not paid at the commencement date, discounted 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 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 case 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.

5. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

Pensions defined contribution scheme
The Company operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Obligations for contributions to the defined contribution pension scheme are recognised as an expense in the statement of comprehensive income as they fall due. The liability for contributions owing by the Company to the fund at the balance sheet date is disclosed in note 28 and is 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 income tax expense or credit for the year is the tax payable (or receivable) on the current year's taxable profit/(loss), based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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

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

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

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Related parties

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

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

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

Related party transactions are disclosed in note 34.

Transfer pricing

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

6. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the Company's accounting policies

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

Provisions and contingent liabilities

Provisions can arise from time to time in relation to ongoing litigation and contractual obligations.

In regards to ongoing litigation, 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.

Provisions are measured based on management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. Given the subjectivity and uncertainty of determining the probability and amount of losses, management take into account a number of factors including legal advice, the stage of the matter and historical evidence from similar situations, if any. Where the probability of outflow is considered to be remote, or probable but a reliable estimate cannot be made, a contingent liability is disclosed. Significant judgement is required to conclude on these estimates.

6. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY - CONTINUED

Critical judgements in applying the Company's accounting policies- continued

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

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

Capitalisation of intangible assets
Development expenditure represents costs incurred in relation to the internal development of various computer software projects to support the services and products of the 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 costs to sell of the CGUs to which goodwill has been allocated. These calculations require management 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 under the value-in-use methodology. In calculating the fair value less costs to sell, identifying suitable comparable companies, when determining an appropriate valuation multiple, involves a level of judgement. Refer to note 14 for details over the goodwill impairment assessment including key judgements and assumptions made.

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 notes 23 and 31.

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 within profit or loss. To prevent an accounting mismatch, the Company has elected to also recognise credit risk adjustments on derivative financial liabilities in profit or loss, 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. Further judgements are made in regard 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 23 for further details.

6. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY - CONTINUED

Key sources of estimation uncertainty - continued
Impairment of financial assets at amortised cost
Under IFRS 9 *Financial instruments*, 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. See note 31 for further details.

Taxation and deferred 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. Forecasts 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.

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 24 for details of deferred tax balances.

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.

Fair value of share-based payments
At each measurement date the Company reviews internal and external sources of information to assist in the judgement of various attributes to determine the fair value of the share-based awards granted, including but not limited to the fair value of the underlying shares, expected life and EBITDA multiples. As the ultimate holding company of the Moneycorp Group is a private company, the sources utilised to determine those attributes at the date of measurement are subjective in nature and require judgement in applying such information to the share valuation models. Many factors and assumptions may be used during this assessment. If any of the assumptions used to determine the fair value of the share-based payments awards change significantly, share-based payment expense may differ materially in the future from that recorded at the current reporting date.

7. REVENUE

	2022 £000	2021 £000
Revenue earned from financial instruments:		
Net gains on financial instruments held at fair value through profit or loss*	49,489	39,677
Revenue from contracts with customers:		
Fees and charges	386	118
Prepaid cards	355	644
	741	762
Other:		
Operating interest income	85	-
Total revenue	50,315	40,439

** As outlined in Note 5, net gain on financial instruments held at fair value through profit or loss represents the margin revenue earned between the buying and selling price of currencies sold in foreign exchange spot and forward contracts.*

8. DIRECT EXPENSES

Direct expenses comprise the following:

	2022 £000	2021 £000
Third party commissions	7,612	6,375
Bank charges	2,512	2,193
Transaction fees	131	-
Operating interest paid on client held funds	55	-
Impairment loss recognised on financial assets (see note 31)	807	62
	11,117	8,630

9. ADMINISTRATIVE EXPENSES

Administrative expenses comprise the following:

	2022 £000	2021 £000
Staff costs		
Wages and salaries	11,576	12,529
Social security costs	1,439	1,386
Pension costs (see note 28)	203	230
Other personnel costs	2,715	1,924
	15,933	16,069
Depreciation, amortisation, impairment and loss on disposal		
Amortisation of intangible assets (see note 14)	4,154	4,114
Loss on disposal of intangible assets (see note 14)	414	509
Depreciation of property, plant and equipment (see note 15)	362	381
Loss on disposal of property, plant and equipment (see note 15)	5	63
Depreciation of right-of-use assets (see note 16)	1,203	1,118
Loss on disposal of subsidiary (see note 17)	2	-
	6,140	6,185
Other expenses		
Advertising and marketing	1,799	1,873
Irrecoverable value-added tax	1,529	1,677
Property expenses	1,171	1,178
Legal and professional fees	1,014	1,246
IT support and maintenance	896	1,206
Travel and entertainment	891	304
Communications	866	738
Forgiveness of debt with subsidiary	420	-
Auditor's remuneration (see note 9b)	304	144
Insurance	178	162
Operating lease rentals	-	27
Other administrative costs	501	274
One-off costs (see note 9c)	2,825	1,838
Management charges (see note 34)	(547)	18,431
	11,847	29,098
Total administrative expenses	33,920	51,352

9. ADMINISTRATIVE EXPENSES - CONTINUED

9a. Staff costs

The average monthly number of employees (including executive directors) was:	2022 Number	2021 Number
Management and administration	11	11
Operations	125	125
	136	136

Their aggregate remuneration comprised:	2022 £000	2021 £000
Wages and salaries	11,576	12,529
Social security costs	1,439	1,386
Other pension costs (see note 28)	203	230
Share-based payments (see note 9c)	842	-
Cost of living payment (see note 9c)	327	-
	14,387	14,145

9b. Auditor's remuneration

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

	2022 £000	2021 £000
Fees paid to the Company's auditor		
Audit of the Company's annual financial statements	256	141
Audit of the Company's prior year financial statements - incurred in the current year	45	-
Total audit fees to the Company's auditor	301	141
Other non-audit fees		
Agreed upon procedures - Payment Services Directive reporting	3	3
Total non-audit fees to the Company's auditor	3	3
Total fees to the Company's auditor	304	144

9c. One-off costs

One-off costs can be categorised as follows:

	2022 £000	2021 £000
Restructuring of shareholders	965	-
Share-based payments (see note 29)	842	-
Department restructuring and related costs	393	-
Cost of living payment	327	-
Refinancing of Group senior debt facilities	297	-
Strategic initiatives	131	685
Staff costs (including redundancies)	-	285
One-off provisions and related legal fees	-	255
One-off regulatory/compliance costs	-	142
Dual running costs	-	128
Business acquisition or set-up, and integration, costs	-	106
Other one-off (credits)/costs	(130)	237
	2,825	1,838

10. OTHER INCOME

	2022 £000	2021 £000
Dividend income	2,456	-
Rental income	76	75
Transfer pricing income from related party (see note 34)	4,644	5,225
	7,176	5,300

11. FINANCE INCOME

	2022 £000	2021 £000
Net investment receivable interest (see note 16)	39	71
	39	71

12. FINANCE COSTS

	2022 £000	2021 £000
Bank interest	42	7
Interest on related party loans (see note 27)	187	35
Lease liability interest (see note 16)	461	537
	690	579

13. TAX CREDIT

	2022 £000	2021 £000
Current tax:		
Current year charge	1,046	-
Over provision in respect of prior years	-	(15)
	1,046	(15)
Deferred tax (see note 24):		
Current year credit	(1,202)	(288)
Effect of change in corporation tax rate on deferred tax balances	-	288
Total tax credit for the year	(156)	(15)

Corporation tax is calculated at 19% (2021: 19%) of the estimated taxable profit/(loss) for the year.

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

	2022 £000	2021 £000
Profit/(loss) before tax on continuing operations	14,566	(16,565)
Tax at the UK corporation tax rate of 19% (2021: 19%)	2,768	(3,147)
Tax effect of income/expenses that are not taxable/deductible	(343)	146
Over provision in respect of prior years	-	(15)
Utilisation of unrecognised deferred tax brought forward	(2,287)	-
Impact of change in tax rates and tax incentives	(294)	-
Tax effect of Moneycorp Group relief given	-	2,934
Effect of change in corporation tax rate on deferred tax balances	-	288
Tax effect of capital allowances	-	(221)
Total tax credit for the year	(156)	(15)

14. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill	Customer relation-ships	Computer software	Total
	£000	£000	£000	£000
At 1 January 2021				
Cost	10,874	3,232	22,438	36,544
Accumulated amortisation	-	(1,639)	(13,073)	(14,712)
Carrying amount	10,874	1,593	9,365	21,832
Year ended 31 December 2021				
Opening carrying amount	10,874	1,593	9,365	21,832
Additions	-	-	3,729	3,729
Net disposals	-	-	(509)	(509)
Amortisation charge	-	(517)	(3,597)	(4,114)
Closing carrying amount	10,874	1,076	8,988	20,938
At 31 December 2021				
Cost	10,874	3,232	25,658	39,764
Accumulated amortisation	-	(2,156)	(16,670)	(18,826)
Carrying amount	10,874	1,076	8,988	20,938
Year ended 31 December 2022				
Opening carrying amount	10,874	1,076	8,988	20,938
Additions	-	-	4,612	4,612
Net disposals	-	-	(414)	(414)
Amortisation charge	-	(517)	(3,637)	(4,154)
Closing carrying amount	10,874	559	9,549	20,982
At 31 December 2022				
Cost	10,874	3,232	28,523	42,629
Accumulated amortisation	-	(2,673)	(18,974)	(21,647)
Carrying amount	10,874	559	9,549	20,982

The Computer software carrying amount of £9,549k (2021: £8,988k) primarily comprises internally generated software.

Cash generating units (CGUs)
The Company goodwill was acquired in 2018 as a result of the acquisition and hive-up of First Rate FX, a UK-based subsidiary.

This goodwill forms part of the Moneycorp Group Payments – UK 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.

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

	2022	2021
	£000	£000
Payments – UK	10,874	10,874
Total goodwill	10,874	10,874

14. GOODWILL AND OTHER INTANGIBLE ASSETS – CONTINUED

Goodwill and intangible assets impairment review
The recoverable amount for the Payments – UK 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 23 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 2022 results and applying a conservative multiple which reflects the stage of business, product lines and industry in which the CGU operates. An EBITDA multiple was used to value the CGU given it is an established business with historical and steady growth.

Key assumptions

	Payments UK
Goodwill and other intangible assets £000 *	103,390
Multiple methodology	EBITDA
Multiple applied	17.7

* The goodwill and other intangible assets above of £103,390k is the total for the Payments UK CGU for the total Moneycorp Group, of which £20,982k 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 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.

	Payments UK
Multiple methodology	EBITDA
Multiple in which the recoverable amount is equal to the carrying amount	5.4

Based on the FVLCS assessment and VIU cross check, management believe there is sufficient headroom for the year ended 31 December 2022 for the CGU. This conclusion is supported by the sensitivity analysis, as the comparable multiple applied in the FVLCS assessment would need to decrease to that shown above before the carrying amount would be equal to the recoverable amount.

2021 Goodwill and intangible assets impairment review
For the 2021 impairment review, the Payments – UK 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 the following:

Key assumptions

	Payments UK
Goodwill and other intangible assets £000 *	102,967
Multiple methodology	EBITDA
Multiple applied	16.0

* The goodwill and other intangible assets above of £102,967 is the total for the Payments UK CGU for the total Moneycorp Group, of which £20,938k is held by the Company.

Sensitivity analysis	Payments UK
Multiple methodology	EBITDA
Multiple in which the recoverable amount is equal to the carrying amount	11.2

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties £000	Fixtures and fittings £000	Computer equipment £000	Total £000
At 1 January 2021				
Cost	1,185	5,216	8,121	14,522
Accumulated depreciation & impairment	(1,038)	(4,083)	(7,730)	(12,851)
Carrying amount	147	1,133	391	1,671
Year ended 31 December 2021				
Opening carrying amount	147	1,133	391	1,671
Additions	-	135	34	169
Net disposals	(28)	-	(142)	(170)
Depreciation charge	(3)	(271)	(107)	(381)
Closing carrying amount	116	997	176	1,289
At 31 December 2021				
Cost	1,095	4,707	7,905	13,707
Accumulated depreciation & impairment	(979)	(3,710)	(7,729)	(12,418)
Carrying amount	116	997	176	1,289
Year ended 31 December 2022				
Opening carrying amount	116	997	176	1,289
Additions	-	32	38	70
Net disposals	-	(5)	-	(5)
Depreciation charge	-	(274)	(88)	(362)
Closing carrying amount	116	750	126	992
At 31 December 2022				
Cost	1,095	2,291	501	3,887
Accumulated depreciation & impairment	(979)	(1,541)	(375)	(2,895)
Carrying amount	116	750	126	992

16. LEASES

16a. Amount recognised on the balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets

	Buildings £000
At 1 January 2021	
Cost	9,036
Accumulated depreciation	(2,078)
Carrying amount	6,958
Year ended 31 December 2021	
Opening carrying amount	6,958
Net transfer from net investment receivable	1,297
Net disposals	(176)
Depreciation charge	(1,118)
Closing carrying amount	6,961
At 31 December 2021	
Cost	10,073
Accumulated depreciation	(3,112)
Carrying amount	6,961
Year ended 31 December 2022	
Opening carrying amount	6,961
Depreciation charge	(1,203)
	5,758
At 31 December 2022	
Cost	10,073
Accumulated depreciation	(4,315)
Carrying amount	5,758

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.

	2022 £000	2021 £000
Non-current	195	570
Current	375	160
	570	730

Lease liabilities	2022 £000	2021 £000
Non-current	6,111	7,658
Current	1,547	1,466
	7,658	9,124

16. LEASES - CONTINUED

16a. Amount recognised on the balance sheet – continued

Lease liabilities – continued

	2022 £000	2021 £000
Movement in lease liabilities		
Carrying amount at the beginning of the year	9,124	10,698
Disposals	-	(184)
Interest accreted	461	537
Payments	(1,927)	(1,927)
Carrying amount at the end of the year	7,658	9,124

16b. Amounts recognised in the statement of comprehensive income
The statement of comprehensive income shows the following amounts relating to leases:

	2022 £000	2021 £000
Recognised in administrative expenses (see note 9):		
Depreciation charge on right-of-use assets	(1,203)	(1,118)
Expense relating to short-term leases	-	(27)
	(1,203)	(1,145)
Recognised in finance income (see note 11):		
Net investment interest income	39	71
	39	71
Recognised in finance costs (see note 12):		
Lease liability interest expense	(461)	(537)
	(461)	(537)

17. INVESTMENT IN SUBSIDIARIES

The Company is a parent company of a number of subsidiaries which operate and are incorporated in various locations globally.

The investments in subsidiaries are all stated at cost less impairment.

	2022 £000	2021 £000
Carrying amount of investment in subsidiaries		
Moneycorp SLU	-	2
TTT Moneycorp Pty Limited	-	-
Moneycorp Brasil Participacoes Ltda	4,610	4,188
First Rate FX Limited	1,592	1,592
	6,202	5,782

17a. Information about individual investments in subsidiaries
Information about the direct subsidiaries of the Company at the balance sheet date is set out below. The country of incorporation or registration is also their principal place of business.

There are no significant restrictions on the ability of the Company to access or use assets and settle liabilities of its subsidiaries, other than client held funds.

17. INVESTMENT IN SUBSIDIARIES - CONTINUED

17a. Information about individual investments in subsidiaries - continued

Name of entity	Place of incorporation (or registration)	Principal activity	Proportion of ownership interest and voting power held 2022	2021
Moneycorp SLU	Spain	Liquidated	-	100%
TTT Moneycorp Pty Limited	Australia	Dormant	100%	100%
Moneycorp Brasil Participacoes Ltda	Brazil	Investment holding	100%	100%
First Rate FX Limited	UK	Dormant	100%	100%

17b. Movements in investments in subsidiaries

	2022 £000	2021 £000
Carrying amount at 1 January	5,782	5,782
Acquisitions	422	-
Disposals	(2)	-
Carrying amount at 31 December	6,202	5,782

17c. Indirect investment in subsidiaries

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 2022	2021
Novo Mundo Holding Financeira S/A	Brazil	Investment holding	100%	92.3%
Moneycorp Banco de Câmbio S.A.	Brazil	Foreign exchange provider	100%	92.3%

Impairment assessment

Management assessed the investments held by the Company for impairment at the balance sheet date. The future projected growth and current net assets of the investment businesses showed the enterprise value to be greater than the carrying amount of the investments held and thus the investments were not considered to be impaired.

18. ACQUISITIONS AND INCORPORATION OF SUBSIDIARIES

There were no acquisitions or incorporation of new subsidiaries in 2021. The below pertains to 2022 only.

Moneycorp Brazil Participacoes Ltda.

Additional share capital of R$2,683k (£422k) was issued by Moneycorp Brasil Participacoes Ltda to the Company during the year.

The primary purpose of this additional capital was for Moneycorp Brasil Participacoes Ltda. to be able to acquire the remaining share capital of Novo Mundo Holding Financeira S/A (the holding company which owns 100% of the shares Moneycorp Banco de Câmbio S.A.) from the non-controlling shareholder. This was completed on the 28 December 2022 and as a result the Group's majority shareholding increased from 92.3% to 100%.

19. DISPOSAL OF SUBSIDIARY

Discontinuation of TTT Moneycorp Pty Limited
In early 2021 the Group Board of Directors undertook a business review including the strategic fit of the Australian based businesses, which included TTT Moneycorp Pty Limited, and whether they were in line with the overall Moneycorp Group strategy. As a result of this review the Directors decided to exit these businesses, either by way of sale or winding down the companies, in order to focus on the growth of other business segments.

TTT Moneycorp Pty Limited ceased trading in December 2021 and was officially deregistered as a company with the Australian Securities & Investments Commission (ASIC) on 3 April 2023, subsequent to the balance sheet date.

Liquidation of Moneycorp SLU
Moneycorp SLU had been a dormant entity following the migration of European clients and business to Moneycorp Technologies Limited (Ireland) in Quarter 4 2020 as a result of Brexit. The Company disposed of its investments in Moneycorp SLU at a book value of £2k during the year as the Company was officially liquidated and wound up with the Commercial Registry in Spain on 10 May 2022.

20. FINANCIAL ASSETS AND LIABILITIES

Categories of financial instruments

	2022 £000	**2021 £000**
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	271,423	290,299
Trade and other receivables	111,205	115,557
Net investment receivable	570	730
Financial assets at fair value through profit or loss		
Derivative financial instruments held for trading	88,591	54,996
	471,789	461,582
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	(332,053)	(393,243)
Borrowings	(35,705)	(11,770)
Lease liabilities	(7,658)	(9,124)
Financial liabilities at fair value through profit or loss		
Derivative financial instruments held for trading	(79,946)	(47,182)
	(455,362)	(461,319)

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.

21. CASH AND CASH EQUIVALENTS

	2022 £000	**2021 £000**
Company cash and bank balances	608	4,677
Funds held in designated client bank accounts	270,815	285,622
	271,423	290,299

21. CASH AND CASH EQUIVALENTS - CONTINUED

Reconciliation to the statement of cash flows

Bank overdrafts form an integral part of the Company's cash management. As such, bank overdrafts are included as a component of cash and cash equivalents for the purposes of the statement of cash flows. The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2022 £000	2021 £000
Cash and cash equivalents (balance as above)	271,423	290,299
Bank overdraft (see note 27)	(25,401)	(10,515)
	246,022	279,784

Restricted cash

Restricted cash relates to all funds which are held for a specific purpose and not available for immediate use by the Company.

The Company is regulated by the Financial Conduct Authority (FCA) (for reference the Company's FRN number is 308919). The Company holds client funds with external banks at the balance sheet date under the Payment Services Directive (PSD) and is required to keep these funds in client safeguarding accounts. These funds are held on balance sheet for financial statement purposes. As these funds are subject to regulatory restrictions and held in segregated accounts for the benefit of clients, they are not available for operational use by the Company.

22. TRADE AND OTHER RECEIVABLES

	2022 £000	2021 £000
Amounts falling due within one year:		
Trade receivables	2,355	1,350
Margin posted with liquidity providers	11,612	-
Loss allowance (see note 31)	(1,910)	(1,340)
	12,057	10
Related party receivables (see note 34)	99,077	115,543
Other debtors	71	4
	111,205	115,557

23. 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 MTMs 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.

23. DERIVATIVE FINANCIAL INSTRUMENTS - CONTINUED

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)	2022 £000	2021 £000
Financial assets		
Foreign currency forward contracts	62,497	41,835
Foreign currency option contracts	26,754	13,587
Total financial assets	89,251	55,422
Financial liabilities		
Foreign currency forward contracts	(53,717)	(34,551)
Foreign currency option contracts	(26,754)	(13,587)
Total financial liabilities	(80,471)	(48,138)

Adjusted fair value (as presented on the balance sheet)	2022 £000	2021 £000
Financial assets		
Foreign currency forward contracts	61,837	41,501
Foreign currency option contracts	26,754	13,495
Total financial assets	88,591	54,996
Financial liabilities		
Foreign currency forward contracts	(53,192)	(33,688)
Foreign currency option contracts	(26,754)	(13,494)
Total financial liabilities	(79,946)	(47,182)

Fair value hierarchy

The following tables provide 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).

The values 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; and
- risk free rate.

23. DERIVATIVE FINANCIAL INSTRUMENTS - CONTINUED

Fair value hierarchy - continued

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

	2022			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Foreign currency forward contracts	-	61,837	-	61,837
Foreign currency option contracts	-	26,754	-	26,754
Total	-	88,591	-	88,591
Financial liabilities				
Foreign currency forward contracts	-	(53,192)	-	(53,192)
Foreign currency option contracts	-	(26,754)	-	(26,754)
Total	-	(79,946)	-	(79,946)

	2021			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Foreign currency forward contracts	-	41,501	-	41,501
Foreign currency option contracts	-	13,495	-	13,495
Total	-	54,996	-	54,996
Financial liabilities				
Foreign currency forward contracts	-	(33,688)	-	(33,688)
Foreign currency option contracts	-	(13,494)	-	(13,494)
Total	-	(47,182)	-	(47,182)

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

24. DEFERRED TAX ASSET

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

	2022 £000	2021 £000
Balance at the beginning of the year	-	-
Credit to the statement of comprehensive income	1,202	288
Effect of change in tax rate charge	-	(288)
Balance at the end of the year	1,202	-

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

	2022 £000	2021 £000
Deferred tax liabilities:		
Customer relationships timing differences	(140)	(205)
Revaluation of financial assets	(72)	(60)
	(212)	(265)
Deferred tax assets:		
Fixed asset timing differences	858	265
Share-based payments	210	-
Short-term timing differences	346	-
	1,414	265
Net deferred tax asset	1,202	-

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

25. TRADE AND OTHER PAYABLES

	2022 £000	2021 £000
Amounts falling due within one year:		
Client held funds	271,994	283,605
Related party payables (see note 34)	49,970	101,484
Accruals	6,226	5,583
Trade payables	1,859	1,210
Employee related payables	1,356	971
Other payables	648	390
	332,053	393,243

Related party payables relate to balances owing to various other Moneycorp Group entities (see note 34 for further details), and are unsecured, non-interest bearing and repayable on demand with no fixed date of repayment.

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.

26. PROVISIONS

	2022 £000	2021 £000
Onerous contracts	-	169
	-	169

26a. Information about individual provisions and significant estimates

IT software contract termination
A provision of £169k was recognised in 2021 in relation to an IT software project with an external vendor which was ceased. The provision represented the unavoidable costs of exiting the contract.

26b. Movements in provisions

	2022 £000	2021 £000
Carrying amount at the start of the year	169	-
Charged to the statement of comprehensive income	-	169
Amounts used during the year	(169)	-
Carrying amount at the end of the year	-	169

27. BORROWINGS

	2022 £000	2021 £000
Non-current		
Related party loans	1,290	1,255
	1,290	1,255
Current		
Related party loans	9,014	-
Company overdrawn bank accounts	22,197	5,049
Client overdrawn deposit accounts	3,204	5,466
	34,415	10,515
Total borrowings	35,705	11,770

Related party loans
The Company has a loan owning to its parent company, Moneycorp Group Limited (previously known as Regent Acquisitions (Holdings) Limited), at the balance sheet date. The loan was issued in November 2013 for an initial 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.

The Company has loans owning to a fellow subsidiary of Moneycorp Group Limited, Moneycorp Technologies Limited, at the balance sheet date. The loans were issued between April and December 2022 for a total initial sum of €10,000k (£8,620k equivalent). The loans are unsecured and are repayable on maturity (being one year after the loan was granted) or on demand. Interest of between 0-4% above the European Central Bank euro short-term rate (€STR) is charged on the various tranches of the loan. As at December 2022 interest rates were as follows: 5.4% on €5,000k, 4.65% on €4,000k and 1.4% on €1,000k.

Client overdrawn deposit accounts
The Company holds client funds with external banks. These accounts are usually in funds, however they may become overdrawn temporarily due to timing differences when funds are transferred between accounts. This generally arises because the Company holds multiple accounts per currency which cannot always be transferred on the same day value. Refer to note 21 for further details.

Company overdrawn deposit accounts
The Company's bank accounts are part of a wider Moneycorp Group pooling arrangement which is managed by the Group Treasury department. These accounts are usually in funds, however they may become overdrawn for temporary liquidity purposes, either for the Company's benefit or a related Moneycorp Group entity who is not part of the pooling.

28. DEFINED CONTRIBUTION PENSION SCHEME

The Company has a defined contribution pension scheme that covers employees whose length of service is at least three months. Allocations to individual employees are based on the salary level of the employee and employer contribution. At 31 December 2022 the Company had a liability of approximately £44k (31 December 2021: £41k), included in trade and other payables, specifically employee-related payables, related to the pension scheme. During the year the Company made contributions to the scheme on behalf of key management personnel of £25k (2021: £13k).

29. EQUITY

29a. Share capital

	2022 £000	2021 £000
Authorised:		
350,000 (2021: 350,000) ordinary shares of £1 each	350	350
Issued and fully paid:		
350,000 (2021: 350,000) ordinary shares of £1 each	350	350

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

29b. Share-based payments

Employee share scheme
During the year the Company operated an employee incentive share scheme comprising B Ordinary Shares in the ultimate holding company of the Moneycorp Group, Moneta Topco Limited ('Topco') with the majority of shares (£1,900k) via an Employee Benefit Trust (EBT). Under IFRS 2 *Share-based Payment*, the share-based payments granted must be measured on a fair value basis as at the grant date of the awards and the relevant expense entered into the statement of comprehensive income. As at 31 December 2022 99,068 (2021: 112,068) shares were in issue as detailed below. The EBT is managed and administered by independent Trustees.

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

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

Number of shares issued under the plan to participating employees

	2022 Number
As at 1 January	112,068
Issued and vested during the year	23,000
Sold or forfeited during the year	(36,000)
As at 31 December	99,068

29. EQUITY – CONTINUED

29b. Share-based payments continued

Movement during the year
During the year, 23,000 B Ordinary Shares in Moneta Topco Limited were issued to employees at a fair market value based on an external valuation. Of the 36,000 sold or forfeited during the year, 35,000 shares were sold back to the trust or holding company by employees deemed as good leavers at the prevailing fair market value of shares. These employees were issued their shares at a nominal value in previous years. The remaining shares bought back during the year were done so at a nominal value. In respect of the shares issued as at the balance sheet date, 96,068 pertain to equity settled awards and 3,000 to cash settled awards. The share schemes have an indefinite contractual life and are vested immediately upon issue. B shares are only likely to realise value upon an exit.

Expense recognised in profit and loss
During the year the Company recognised £842k within expenses in relation to the issuance of shares under employee share schemes.

29c. Capital contribution

A capital contribution has arisen as a result of equity-settled shares in the ultimate holding company. Of the £842k shares issued under employee share schemes during the period, £733k related to equity-settled shares and as such the corresponding credit has been recognised in equity as a capital contribution.

29d. Dividend in species

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

30. NOTES TO THE STATEMENT OF CASH FLOWS

30a. Net cash used in operations	2022 £000	2021 £000
Operating profit/(loss)	15,217	(16,057)
Adjustment for non-cash items:		
Amortisation of intangible assets	4,154	4,114
Depreciation of property, plant and equipment	362	381
Depreciation of right-of-use asset	1,203	1,118
Loss on disposal of property, plant and equipment	5	63
Loss on disposal of intangible assets	414	509
Net exchange differences	(21,523)	3,599
	(168)	(6,273)
Movements in working capital:		
Decrease/(increase) in trade and other receivables	4,352	(1,013)
Decrease in prepayments	200	209
(Increase)/decrease in derivative financial instrument assets	(33,595)	17,856
(Decrease)/increase in trade and other payables	(61,011)	6,370
(Decrease)/increase in provisions	(169)	169
Increase/(decrease) in derivative financial instrument liabilities	32,764	(21,243)
Net cash used in operations	(57,627)	(3,925)

30. NOTES TO THE STATEMENT OF CASH FLOWS - CONTINUED

30b. Net debt reconciliation

		Liabilities from financing activities		
	Net cash/debt (excluding client cash) £000	Lease liabilities £000	Borrowings £000	Total £000
Opening balance at 1 January 2021	2,148	(10,698)	(1,220)	(9,770)
Cash flows	(2,555)	1,927	-	(628)
Foreign exchange adjustments	35	-	-	35
Other changes *	-	(353)	(35)	(388)
Net debt as at 31 December 2021	(372)	(9,124)	(1,255)	(10,751)
Opening balance at 1 January 2022	(372)	(9,124)	(1,255)	(10,751)
Cash flows	(21,214)	1,927	(8,620)	(27,907)
Foreign exchange adjustments	(3)	-	(242)	(245)
Other changes *	-	(461)	(187)	(648)
Net debt as at 31 December 2022	(21,589)	(7,658)	(10,304)	(39,551)

* Other changes include non-cash movements and interest payments which are presented as operating cash flows in the statement of cash flows.

30c. Effects of exchange rate changes on cash and cash equivalents

The effects of exchange rate changes presented in the statement of cash flows relates to all cash and cash equivalent balances as detailed in note 21, including funds held in designated client bank accounts. A liability is also held on the balance sheet within trade and other payables for client held funds (see note 25) and as such, a large portion of the effects of exchange rates changes on cash and cash equivalents will be offset by exchange rate movements on the liability balance.

As shown in note 31, the majority of the Company's foreign cash balances relate to USD and EUR. These currencies have moved by -10.7% and -5.1% against GBP respectively during the year, which is the main driver of the 'effects of exchange rate changes on cash and cash equivalents' balance shown in the statement of cash flows.

31. 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.

31a. Market risk management

The Company's business activities primarily involve brokering regulated derivative contracts to clients, and entering back-to-back arrangements with counterparty banks. 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.

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.

31. FINANCIAL RISK MANAGEMENT - CONTINUED

31a. Market risk management - continued

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 client are economically hedged through a corresponding movement in the contract entered into with the counterparty banks.

The Company maintains bank balances in a number of currencies, including client held funds, and is therefore exposed to movements in foreign exchange rates on these balances. For client held funds however, these are largely offset by movements in the corresponding liability (see note 30c for further details).

Currency	2022 £000	2021 £000
United States dollar (USD)	100,227	101,041
Euro (EUR)	78,161	90,623
Australian dollar (AUD)	4,879	5,064
Canadian dollar (CAD)	4,553	3,609
Swiss franc (CHF)	2,900	2,633
United Arab Emirates dirham (AED)	2,802	1,664
Swedish krona (SEK)	2,374	1,324
South African rand (ZAR)	1,478	1,242
New Zealand dollar (NZD)	1,221	753
Japanese yen (JPY)	876	680
Saudi riyal (SAR)	843	911
Hungarian forint (HUF)	678	602
Israeli new shekel (ILS)	612	179
Singapore dollar (SGD)	603	386
Norwegian krone (NOK)	508	633
Romanian leu (RON)	358	363
Polish zloty (PLN)	352	162
Moroccan dirham (MAD)	290	322
Pakistani rupee (PKR)	287	25
Hong Kong dollar (HKD)	258	258
Kenyan shilling (KES)	254	118
Czech koruna (CZK)	224	106
Indian rupee (INR)	187	205
Danish krone (DKK)	159	610
Chinese yuan (CNH)	96	364
Other foreign currencies (individual balances less than £100k)	(23)	717
Total foreign currency risk	205,157	214,594

At 31 December 2022, 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 £10,799k (2021: £11,294k) higher. Conversely a 5% strengthening of GBP would have resulted in the post-tax results being £9,770k (2021: £10,219k) lower.

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

Interest rate risk management

The Company has intercompany borrowings from Moneycorp Group Limited, parent company, of £1,290k (2021: £1,255k) secured at a 12% fixed rate. The Company also has intercompany loans with Moneycorp Technologies Limited (Ireland) with interest rates ranging between 0-4% above the €STR. Any interest payable on trade and other payables is not material as payments are made within agreed credit terms.

31. FINANCIAL RISK MANAGEMENT - CONTINUED

31a. Market risk management – continued
Interest rate risk management - continued
At 31 December with all other variables remaining constant, each 10 basis point increase/(decrease) in €STR would have resulted in the following (decrease)/increase to profit before tax:

	2022 £000
Impact of 10 basis point increase in interest rate	(4)
Impact of 10 basis point decrease in interest rate	4

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

31b. 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 not provide traditional forms of credit to its clients. However, credit exposures do arise, normally for a short period of time, as the Company depends on its clients and counterparties to pay for funds and services provided and to honour their contractual obligations on foreign exchange contracts. All material credit exposures require approval by the 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 – funds held in designated client bank accounts (refer to note 21 for further details).

Credit risk for financial assets at amortised cost
The Company has two types of financial assets that are subject to the expected credit loss (ECL) model:

- Cash and cash equivalent; and
- Trade and other receivables.

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 over 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 clients to settle the receivables. After careful consideration it has been determined that no adjustments for forward looking considerations were required as at 31 December 2022 (2021: nil).

Based on historical recovery rates, the loss allowance as at 31 December 2022 was determined as 0.93% for anything aged less than 30 days (2021: 0.74%). Anything aged greater than 60 days becomes highly unlikely to be recovered 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. For anything between these aging categories 50% has been applied.

All related party receivables are deemed fully recoverable.

31. FINANCIAL RISK MANAGEMENT - CONTINUED

31b. Credit risk management - continued

Credit risk for financial assets at amortised cost – continued

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

	2022 £000	2021 £000
Opening ECL provision	1,340	1,314
Increase in loss allowance recognised in profit or loss during the year	807	62
Receivables written off during the year as uncollectible	(237)	(36)
Closing ECL provision	1,910	1,340

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

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 clients, 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 exposure the Company has for each credit grade.

The majority of the Company's corporate clients fall between credit grades 3 and 5 which reflects the small and medium sized enterprise (SME) nature of the Company's client base.

Derivative financial assets		**2022**	
	Forward contracts £000	**Option contracts £000**	**Total £000**
Counterparties internal credit rating:			
Credit grade 7	-	-	-
Credit grade 6	1,117	-	1,117
Credit grade 5	6,203	-	6,203
Credit grade 4	2,984	-	2,984
Credit grade 3	10,945	-	10,945
Credit grade 2	-	-	-
Credit grade 1	117	-	117
Credit grade - other*	387	22,429	22,816
	21,753	22,429	44,182
Counterparties with external credit ratings	40,084	4,325	44,409
Total derivative financial assets	61,837	26,754	88,591

31. FINANCIAL RISK MANAGEMENT - CONTINUED

31b. Credit risk management - continued

Derivative financial assets	2021		
	Forward contracts £000	Option contracts £000	Total £000
Counterparties internal credit rating:			
Credit grade 7	-	-	-
Credit grade 6	379	-	379
Credit grade 5	3,949	-	3,949
Credit grade 4	749	-	749
Credit grade 3	1,155	-	1,155
Credit grade 2	-	-	-
Credit grade 1	10	-	10
Credit grade - other*	5,979	3,617	9,596
	12,221	3,617	15,838
Counterparties with external credit ratings	29,280	9,878	39,158
Total derivative financial assets	41,501	13,495	54,996

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

31c. Liquidity risk management

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

Liquidity risk tables

The following tables detail the maturity profile of the Company's remaining contractual financial liabilities with agreed repayment periods, excluding derivative financial liabilities which are assessed separately. 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 tables include both interest and principal cash flows. For all financial liabilities the expected maturities are the same as the contractual maturities.

	Within 1 year £000	1-2 years £000	2-5 years £000	5+ years £000	Total £000
At 31 December 2022					
Borrowing principal and interest payments:					
- Related party loan	9,248	1,359	-	-	10,607
- Bank overdrafts	25,401	-	-	-	25,401
Lease liabilities	1,994	1,927	4,480	-	8,401
Trade and other payables	332,053	-	-	-	332,053
	368,696	3,286	4,480	-	376,462
At 31 December 2021					
Borrowing principal and interest payments:					
- Related party loan	-	-	1,359	-	1,359
- Bank overdrafts	10,515	-	-	-	10,515
Lease liabilities	1,927	1,927	5,781	955	10,590
Trade and other payables	393,243	-	-	-	393,243
	405,685	1,927	7,140	955	415,707

31. FINANCIAL RISK MANAGEMENT - CONTINUED

31c. Liquidity risk management – continued
Liquidity risk tables - continued
The following tables detail 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 client 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**	**1-2 years £000**	**2-5 years £000**	**5+ years £000**	**Total £000**
At 31 December 2022					
Foreign exchange forwards	54,601	5,487	1,599	150	61,837
Foreign exchange options	20,580	3,471	2,677	26	26,754
	75,181	8,958	4,276	176	88,591
At 31 December 2021					
Foreign exchange forwards	37,786	3,072	603	40	41,501
Foreign exchange options	10,121	2,205	560	609	13,495
	47,907	5,277	1,163	649	54,996

Liabilities	**Within 1 year £000**	**1-2 years £000**	**2-5 years £000**	**5+ years £000**	**Total £000**
At 31 December 2022					
Foreign exchange forwards	(47,383)	(4,215)	(1,461)	(133)	(53,192)
Foreign exchange options	(20,580)	(3,471)	(2,677)	(26)	(26,754)
	(67,963)	(7,686)	(4,138)	(159)	(79,946)
At 31 December 2021					
Foreign exchange forwards	(31,264)	(2,197)	(215)	(12)	(33,688)
Foreign exchange options	(10,120)	(2,205)	(560)	(609)	(13,494)
	(41,384)	(4,402)	(775)	(621)	(47,182)

32. 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 returns to shareholders.

The capital structure of the Company consists of net debt (as disclosed in note 30b) and equity comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

The Company is regulated by the FCA under the PSD and is required to keep an appropriate amount of client funds in client safeguarding accounts.

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

33. COMMITMENTS AND CONTINGENT LIABILITIES

33a. Operating lease arrangements

The Company leases office space as a lessee under a non-cancellable operating lease. 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 5 and 16 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 which are short term in nature.

	2022 £000	2021 £000
Lease payments under operating leases recognised as an expense in the year	-	27

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:

	2022 £000	2021 £000
Within one year	9	7

33b. Capital commitments

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

	2022 £000	2021 £000
Intangible assets	38	205

33c. Other commitments and contingent liabilities

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

34. RELATED PARTY BALANCES AND TRANSACTIONS

34a. Trading transactions

Balances relating to management charges and transfer pricing are disclosed below in note 34d.

Borrowings from the parent company, the corresponding interest and the short term interest bearing intercompany loan with Moneycorp Technologies Limited are disclosed in notes 27 and 12 respectively.

Trade receivable and trade payable balances held with related parties at the balance sheet date are disclosed in notes 22 and 25 respectively, and can be broken down as follows:

	2022 £000	2021 £000
Related party receivables		
Receivables from the parent company	65,287	63,688
Receivables from subsidiaries	17	435
Receivables from other Moneycorp Group companies	33,773	51,420
Total related party receivables	99,077	115,543

34. RELATED PARTY BALANCES AND TRANSACTIONS - CONTINUED

34a. Trading transactions – continued

	2022 £000	2021 £000
Related party payables		
Payables to subsidiaries	(1,628)	(2,030)
Payables to other Moneycorp Group companies	(48,342)	(99,454)
Total related party payables	(49,970)	(101,484)

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 the balance sheet date:

	2022 £000	2021 £000
Related party financial assets		
Foreign currency forward contracts	9,796	5,641
Foreign currency option contracts	22,429	3,617
Total related party financial assets	32,225	9,258
Related party financial liabilities		
Foreign currency forward contracts	(11,243)	(6,819)
Foreign currency option contracts	(4,325)	(9,878)
Total related party financial liabilities	(15,568)	(16,697)

34b. Other related parties

During the year, the Company entered into the transactions noted below with related companies who are not members of the Moneycorp Group but are connected via common control. These transactions were made on an arm's length basis. The gross amount of currencies sold to these entities are shown below:

	2022 £000	2021 £000
Cruise.co.uk	1,000	-
Elgin Limited	2,170	1,458
Fishawack Health Group	9,500	31,972
PEI Media	217,638	-
QualiTest Group	19,636	19,888
Tunstall Healthcare Group	83,498	26,498

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

	2022 £000	2021 £000
Fishawack Health Group	-	1,759
Tunstall Healthcare Group	1,215	4,327

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

34. RELATED PARTY BALANCES AND TRANSACTIONS - CONTINUED

34b. Directors' and key management personnel transactions

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

- Various directors entered into foreign exchange transactions yielding commission income for the Company of £58 (2021: £1) with an average margin of 9 basis points (bps) (2021: 1bp). No transactions were outstanding at the balance sheet date.
- Various directors held total funds of £444 (2021: £34) within their foreign currency trading accounts at the balance sheet date.

34c. Remuneration of key management personnel

The remuneration of the executive directors of the Company or Moneycorp Group whom are paid by 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*.

	2022 £000	2021 £000
Wages and salaries	1,245	1,423
Post-employment benefits	25	13
Termination benefits	275	-
Share-based payments and share buy-backs	1,277	-
	2,822	1,436

Two directors were issued a total of 7,000 B shares during the period (2021: nil).

Two directors are members of a money purchase pension scheme (2021: three directors).

The total emoluments of the highest paid key management personnel during the year totalled £1,754k (2021: £735k). Pension contributions of £3k were made during the year, in respect of the highest paid key management personnel, relating to the money purchase pension scheme (2021: nil).

34d. Related party recharges

	2022 £000	2021 £000
Transfer pricing income (see note 10)	4,644	5,225
Net management recharges received/(paid) (see note 9)	547	(18,431)
	5,191	(13,206)

Transfer pricing income reflects the amount recharged from the Company to Moneycorp Financial Risk Management Limited, other related party, as governed by an Intercompany Services Agreement and is presented in note 10 as other income. The amount recharged is calculated as a % of net profit generated.

Net management recharges are presented within administration expenses disclosed in note 9 and reflects the recharging of administrative costs to and from the Company from and to various Moneycorp Group entities. The introduction of a new transfer pricing system in 2022 has driven the movement during the year.

35. MONEYCORP GROUP HOLDING COMPANY AND CONTROLLING ENTITY

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

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

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

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

36. EVENTS AFTER THE BALANCE SHEET DATE

Deregistration of Australian business
TTT Moneycorp Pty Limited, a subsidiary company, ceased trading in December 2021 and was officially deregistered as a company with the Australian Securities & Investments Commission (ASIC) on 3 April 2023.

Banking turmoil
Regarding the recent banking turmoil in the US, and globally, the Company does not have a direct trading or banking relationship with Silicon Valley Bank, Silvergate Bank, or Signature Bank, Credit Suisse or any related entity. While there are a very small number of indirect exposures via clients who bank with Silicon Valley Bank, Silvergate Bank, and/or Signature Bank, these are being carefully monitored for both receipt and sent payments.