Powering Payments. Connecting People.

Moneycorp Group Limited
Annual Report and Accounts 2021

Reducing friction for clients, helping them navigate the complex global payments market.

Who we are

Moneycorp is a world-leading payments fintech, with banking licences and operations across the entire value chain of the international payments and foreign exchange industry. Recognised for its smart technology, personalised service, regulatory excellence, and its all-in-one payments ecosystem, Moneycorp helps clients navigate the complex global payments market.

Reinventing payments

Our Values

Accountability

Integrity

Collaboration

Determination

Recognition

Headquartered in London, Moneycorp operates in many of the world's largest markets, with employees in the United Kingdom (UK), North America, Europe, Brazil, Gibraltar, Hong Kong, and United Arab Emirates (UAE).

As a global, vertically-integrated digital B2B2X* payments platform, we offer a full suite of tailored international payment and currency solutions which enable clients to transact in over 120 different currencies. Our payments experts have the know-how and tools that enable us to create highly customised client solutions, including a unique multi-currency single IBAN.

Multiple regulatory authorisations, including two banking licences, and strong compliance capabilities underpin our operations.

* business to business to any end-user

Highlights of the year

EBITDA *

£36.7m

Trading volume **

£38bn

EBITDA growth YoY *

38%

Gross revenue *

£141.2m

EBITDA margin

26%

Net Promoter Score ***

26 5x higher than the average cross-border specialists

* Figures used throughout the Strategic report are continuing operations only, excluding retail, unless otherwise stated

** Trading volume represents flow measured as single leg transaction volume

*** Source: Customer survey, strategic advisor

Our platform:

A digital platform enabling corporate SMEs, private clients and financial institutions to make payments via our multi-currency and Fedwire accounts.

Moneycorp operates from the UK, North America, Europe, Brazil, Gibraltar, Hong Kong, and UAE offering a suite of payment solutions to clients across the globe. Our payment experts provide the unique knowledge and tools necessary to create customised client solutions. Through our distinctive technology and state-of-the-art platform, we have created a payments ecosystem that allows us to meet our clients' ever-evolving needs.

For our multi-currency account offering, our single platform for the UK, Europe, North America and Gibraltar (and soon to include Brazil), provides instant electronic execution based on 16 banking and liquidity partnerships. This ability to route trades through multiple banking partners via an e-auction provides competitive pricing for clients. Approximately 82% of payments for the year were made via straight-through processing (STP). More than 80% of international payment transactions were completed either via the Group's online payments platform or through the bulk upload payment capability offered to clients.

Our Fedwire Account provides a payments gateway to the Federal Reserve Bank of New York through the Foreign Bank International Cash Services 'FBICS' program allowing us to serve our clients' USD liquidity needs globally.

By providing our clients with a combination of a highly personalised service and a broad product set, we tailor our offer specifically to individual client needs. Clients can access our services via Application Programming Interfaces (APIs), online (allowing 24/7 access to real-time FX rates) or through in-person guidance and support giving them the flexibility to transact in the way that suits them best. Whether they need to simply send money across borders, or make a simple spot trade, to complex multi-currency management programmes or a sophisticated risk management plan, we have the tools, products and know-how to create the solutions they need.

We have a relentless focus on security through sophisticated financial crime monitoring systems, bank-grade compliance, and rigorous safeguarding of client funds. We are complying with all applicable laws and regulatory standards across the world.

Smart Technology
Providing tech-enabled solutions that go beyond the traditional framework for sending and receiving money.

Read more on page 08

Personalised Service
Providing expert service tailored to our clients' unique needs every step of the way.

Read more on pages 22 and 25

Regulatory Excellence
Complying with applicable laws, ethical business practices and all regulatory standards where we do business.

Read more on page 07

Payments Ecosystem
Offering a complete 360° payments experience end-to-end – an all-in-one payments management system.

Read more on page 16

Our evolution

Over the last eight years*, Moneycorp has transformed its business from a largely domestic, consumer focused analogue provider of foreign exchange, to an international, digitally-enabled, B2B2X currency solutions and payments provider.

The Group has now fully exited its retail and bureau de change operations, with the closure of the last remaining retail branch at London Gatwick Airport in April 2022. This was the culmination of an eight-year strategy to wind-down our presence on the London high street and at airports, in which we closed 77 branches, including sites at Oxford Street, Heathrow and Stansted Airports. In addition, the Group has exited its advisory and payment service operations in Australia during the year in order to focus on its core markets.

This has been a significant transformation for Moneycorp. In 2014, the retail business accounted for 57% of the Group's revenue, with 98% derived from domestic revenue streams. Today, Moneycorp's revenue is predominantly derived from payments and banking services, with 84% of gross revenue now from B2B. 65% of gross revenue in 2021 was generated from international operations with approximately two thirds of all revenue derived from flows involving USD.

Moneycorp holds two banking licences, Moneycorp Bank (Gibraltar) and Moneycorp Banco de Câmbio (Brazil), as well as payments licences in the UK, Europe, Brazil, the US and UAE.

In November 2019, Moneycorp Bank became the first of only two members to the Federal Reserve Bank of New York (FRBNY) FBICS program, providing Moneycorp with direct access to Federal Reserve US dollar currency services.

The Financial Institutions Group (FIG) division uses Moneycorp Bank's membership to supply US dollars to commercial and central banks across EMEA and APAC.

* since Moneycorp was acquired by Bridgepoint.

Corporate timeline

1979
Started operating as a high street currency dealer

2016
Granted banking licence for Moneycorp Bank in Gibraltar

2019
Became the first of only two members of the FRBNY's FBICS program

2020/21
Executed the wind down of retail businesses, exiting airport and high street leases, and Australia-based business in order to focus on its core markets

UK domestic FX business → **Global FX business** → **Global payments fintech**

2012
Moneycorp platform went live

2014
Acquired by Bridgepoint

2018
Grew geographic footprint with acquisitions of FX businesses in the UK, the US and Brazil

2019
Established operations in Dubai and Hong Kong

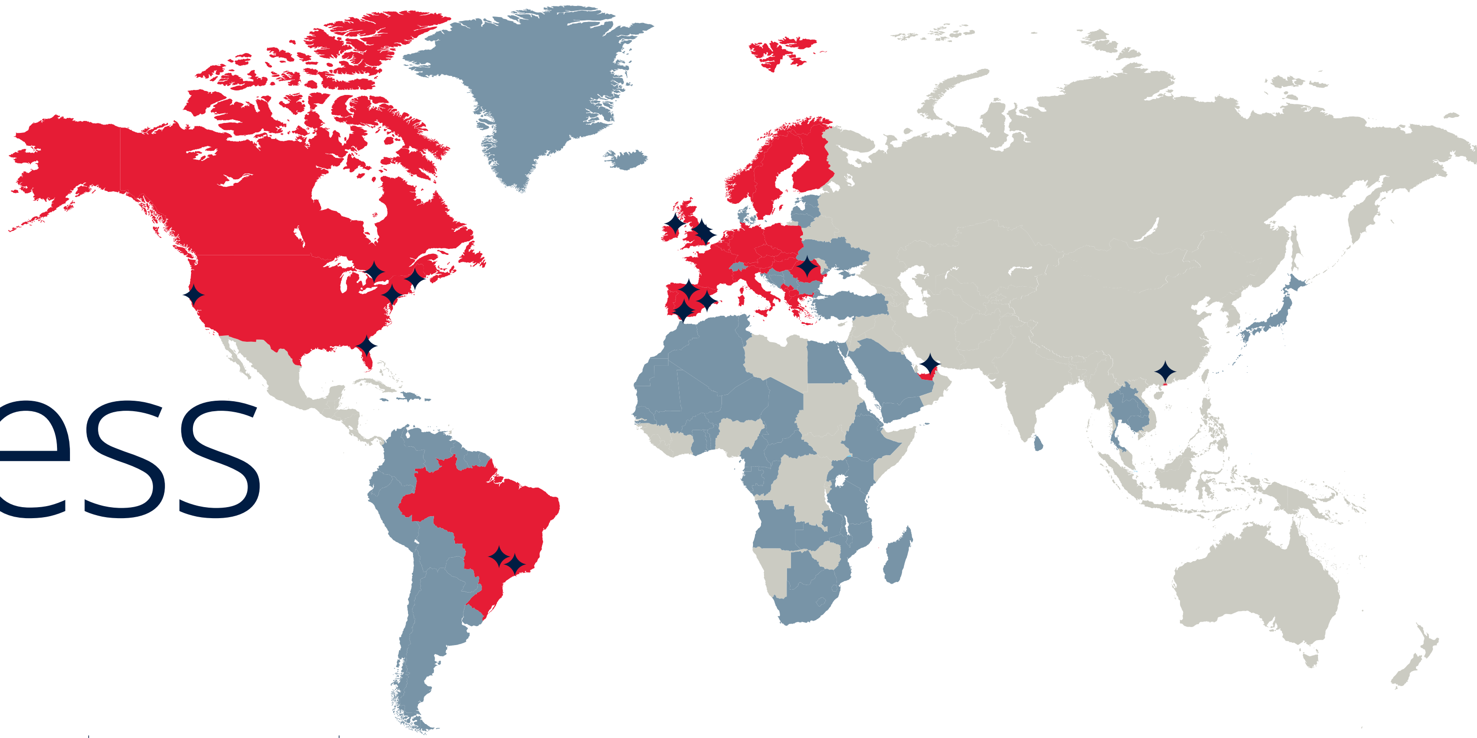
2021
Strategic expansion into Canada

Well established payments leader with bank licences

Global reach

Reducing friction in cross-border payments by combining global presence with local understanding.

Licensed jurisdictions
Countries served
Restricted onboarding countries
Locations



Boundless

The US and Canada

Licensed in 49 states

Primary access to the Federal Reserve Bank of New York via the FBICS program, one of only two members – enables distribution of USD internationally

Latin America (LatAm)

International payments business enabled by banking licence in Brazil

Fedwire account services

Europe, Middle East and Africa (EMEA)

Longstanding presence in the UK, Ireland, Spain and Romania

Payments and MiFID licences

Banking licence in Gibraltar

Specialist local FX business in Dubai

Fedwire account services

Asia Pacific (APAC)

Fedwire account services

190
countries
to which clients can send payments

120+
currencies
in which clients can make payments

65%
revenue generated internationally

17
locations worldwide

11,000+
active corporate clients

Our regulatory excellence

Operating in a regulated industry, across many jurisdictions, requires the highest standards of regulatory compliance and a significant number of licences. Moneycorp meets all applicable laws and regulatory standards where we do business and invests heavily in state-of-the-art technology to help manage compliance and regulatory risk across the Group.

For more detail on the licences held, please visit:
www.moneycorp.com/en-gb/legal/regulatory-information/

United Kingdom

Regulator/Registrator

Financial Conduct Authority (FCA)

FIG business – registered with Her Majesty's Revenue and Customs (HMRC)

Licences

Payment Services Directive (PSD) & Markets in Financial Instruments Regulations (MiFID)

Money Service Business (MSB)

Allows us to offer:

International payment and foreign exchange solutions, designated investment business

Clearance and supply of physical banknotes

Gibraltar

Regulator/Registrator

Gibraltar Financial Services Commission (GFSC)

Licences

Bank licence

E-money & MiFID

Allows us to offer:

Saving and deposit accounts

International payment services

Electronic money and designated investment business

United States

Regulator/Registrator

Financial Crimes and Enforcement Network (FinCEN)

Federal Reserve Bank of New York

Licences

MSB

Money transmitter in 49 US states (licence not required by Montana) and the District of Columbia

Moneycorp Bank – Member of the FBICS program

Allows us to offer:

International payment services

Clearance and supply of US Dollars to commercial and central banks

Ireland

Regulator/Registrator

Central Bank of Ireland

Licences

E-money & MiFID

Allows us to offer:

International payment services, electronic money and designated investment business

Passport to European Economic Area (EEA) with branches in Spain and Romania regulated by the central banks in those countries

Canada

Regulator/Registrator

Financial Transactions and Reports Analysis Centre (FINTRAC) and with Revenu Québec

Licences

MSB payment services licence

Allows us to offer:

International payment services

Hong Kong

Regulator/Registrator

Hong Kong Customs and Excise Department

Licences

Money Service Operator licence

Allows us to offer:

Clearance and supply of physical banknotes

Brazil

Regulator/Registrator

Central Bank of Brazil

Licences

Bank licence

Allows us to offer:

Direct clearing of Brazilian reais

Dubai

Regulator/Registrator

Dubai Financial Services Authority

Licences

Dubai International Financial Centre commercial licence

Allows us to offer:

International payment services

Our technology and digitalisation

Digitalisation is at the forefront of Moneycorp's strategy, allowing us to provide tech-enabled solutions that go beyond the traditional framework for sending and receiving money.

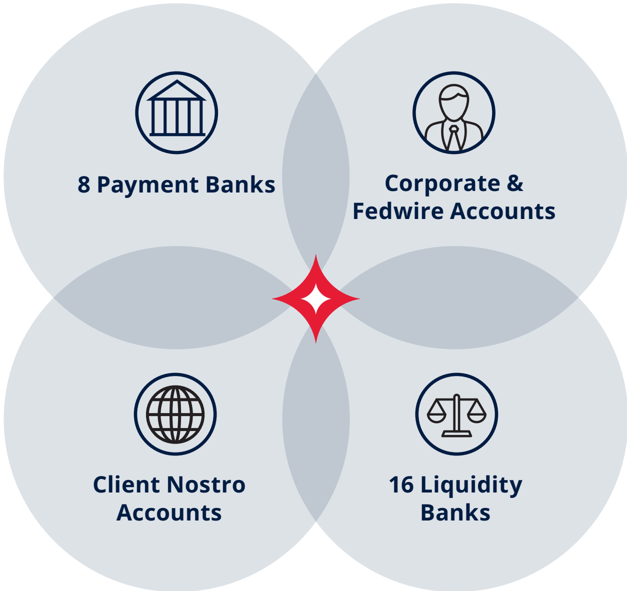
The Group's technology stack has been the focus of investment over a number of years. It provides a core payments engine for corporate and private transactions across multiple geographies, under multiple licences and legal entities.

Moneycorp is unique in that it has a panel of 16 banks available for booking each counterparty trade, allowing the Group to source the most competitive rates.

We continue to invest and enhance our technology stack. During the year Moneycorp invested and capitalised £6.6m of costs in relation to our platform development, which included enhancements such as our one-to-many integrated API adaptor (which allows clients to easily connect their current accounting system to our platform with no development effort or costs).

Key benefits:

- An in-house, purpose-built multi-lingual platform for transacting across geographies
- Best-in-class security and compliance
- Highly scalable for transaction volumes
- Best in breed engineering applications underpinning platform



More than £50m invested in our technology stack over 10+ years

Developments:

Digitalisation continues to drive the development of the Group's online platform, which is based on 'React' technology. This allows the Group to create reusable components for building consistent user interfaces across many of the Group's markets, resulting in a multi-lingual, feature-rich platform.

Subsequent to the reporting date, we have completed the development and implementation of a new state-of-the-art transaction monitoring and alert system (Soteria) that helps identify any suspicious or fraudulent activity. Deployment of Soteria greatly enhances our compliance and regulatory risk management capabilities. In addition to real time interdiction, Soteria provides advanced data analytics and client insight tools, as well as an operating platform for automating many of the Group's key regulatory processes.

Azure case study

In 2021, Moneycorp switched from physical IT systems to a highly agile and adaptable solution – the Microsoft Azure cloud. By using Microsoft Azure, Moneycorp benefits from enhanced cyber security and compliance. Continuous software updates ensure that our platforms are supported by the most up-to-date cloud technology and provide an increase in flexibility and simplified scalability. The move to a cloud computing system improves staff productivity and increases collaboration, while at the same time reduces business costs. This partnership with Microsoft Azure will support Moneycorp as we grow our competitiveness and speed to market. During 2022 and beyond, we will continue to optimise our cloud hosting to ensure we are ready to scale for future business growth.

82%
of International Payment Services clients payments made via STP

80%
of international payment transactions completed online

Chair's statement

2021 was a year of strong performance across all areas of Moneycorp. The Group is delivering on its strategy and continues to leverage opportunities for future sustainable growth.

Trusted partner for growth

Alan Bowkett
Chair

Welcome

At the end of my first full year as Chair of Moneycorp, I am delighted to publish our Annual report, which sets out our 2021 results and achievements.

The transformation of Moneycorp over the last eight years cannot be underestimated. By putting service, technology and transparency at the heart of the business, we have evolved to meet client needs and market dynamics, becoming a digitally focused, international payments fintech. We now provide 11,000 active business clients around the world with access to over 120 currencies and the ability to transfer funds to 190 countries. In 2021, we facilitated over one million payments on behalf of clients.

We are mindful of the current economic climate and the challenge that poses for businesses. By delivering on our strategy and ensuring we are fully aligned with our purpose, Moneycorp is helping clients all around the world navigate uncertainty. Whether they are a large organisation or an SME, we ensure our clients receive products and services tailored to their unique needs. Our platform provides them with robust, secure and transparent solutions that simplify the payments process and reduce costs. This, in turn, helps them to provide products and services to their own respective customers. We truly power payments and connect people.

Chair's statement continued

By delivering on our strategy and ensuring we are fully aligned with our purpose, Moneycorp is helping clients all around the world navigate uncertainty.

Performance

This has been a very strong performance period across all areas of Moneycorp, demonstrating our unique ability to deliver specialist international currency payments. The Group's focus on investment in digitalisation across the payments ecosystem, personalised service, and a relentless focus on regulatory excellence puts us in a very good position for sustainable future growth.

Governance and culture

As Chair, my role is to ensure that the Board and Executive management team are not just developing and executing the right strategy but are doing so in a way that is consistent with our culture and our values. Creating a collaborative and accountable culture, built on trust and long-term relationships, is fundamental to our success. I can see our values of accountability, integrity, collaboration, determination and recognition in every decision we take across the business.

Our regulatory excellence and the authorisations we hold from financial regulators around the world are a vital part of our licence to operate. We take a very disciplined approach to risk and have robust AML and KYC procedures in place to ensure that a compliance culture is embedded throughout the organisation.

Moneycorp has the utmost commitment to the highest standards of corporate governance. The Board is well diversified, and each member brings expertise and insight from a variety of different backgrounds.

Thanks

It only remains for me to thank my Board colleagues, our ultimate shareholder Bridgepoint, and all our colleagues for their efforts over the past year. I am optimistic for the future and am sure that Moneycorp will continue to go from strength-to-strength.

Alan Bowkett
Chair
29 July 2022

11,000
active business clients

Ability to transfer funds to
190
countries

>1m
Payments on behalf of clients

Chief Executive Officer's review

We can be very proud of all we have achieved this year. We have delivered strong results and made great strides forward in positioning our business for the future.

A single digital platform

Mark Horgan
Chief Executive Officer

Introduction

This has been a year of substantial progress for Moneycorp. Despite the dislocation of COVID-19, the Group delivered strong results, reflecting Moneycorp's unique ability to deliver specialist, international currency payments. I am delighted to report that the business has emerged from the pandemic in robust shape, ready to face the future with confidence.

We have now fully exited our retail and bureau de change operations, having closed our last remaining retail branch at London Gatwick Airport after the reporting period. This represents an important step in our evolution from a UK-based foreign exchange business to a global payments and banking services fintech.

We have refocused the business into two key business segments: International Payments Services which operates across four business units in the UK, Europe, North America and Brazil, and International Banking Services which comprises two business units, Moneycorp Bank and Financial Institutions Group (FIG). This new structure sets us up well to capitalise on the opportunities ahead.

Strategy and purpose

Moneycorp's strategy and purpose is clear. We aim to grow our position as a world-leading digital payments platform by focusing on technology, service, transparency and cost efficiency. We are well diversified by business line, geography and client profile. Our client retention rates are high and our unique geographic and licensing footprint positions us well. These competitive advantages enable us to fulfil our purpose of reducing friction for clients, providing them with high quality, well-priced products and services that help them navigate complex payments markets.

Chief Executive Officer’s review continued

EBITDA grew
38%
to £36.7m

Performance summary

I am very pleased to report strong 2021 results, with significant growth and market share gains across all continuing business areas.

Trading volumes, represented as flow measured as single leg transaction volume, increased 18% to £38bn (£75bn when both legs are connected). This resulted in gross revenue from continuing operations increasing by 30% to £141.2m.

EBITDA grew 38% to £36.7m, with an increase in EBITDA margin to 26%, up from 24% in the previous year as a result of an increase in trading revenue, prudent cost management and continued investment in the Group’s core capabilities, technology and support function.

The Group EBITDA performance was driven by a very strong performance in FIG operations in EMEA, up 77%, and International Payment Services in North America, up 35%.

Over 2,000 active new corporate clients were onboarded in the year, and these market share gains have been supported by ongoing investment in product innovation and proposition development to provide a best-in-class service to clients.

> I am delighted to report that the business has emerged from the pandemic in robust shape, ready to face the future with confidence.

Increased volumes in International Payments have been driven by growth in new and established underlying businesses, particularly in North America, the UK and Europe. This significant increase in volumes have outpaced deal count, leading to a 15% increase in average transaction values.

We continue to build our banking capabilities through Moneycorp Bank, offering a one-stop international payments solution for clients trading foreign exchange, holding cash on deposit or spending on prepaid cards. Our multi-currency single IBAN account allows clients to receive payments from over 70 countries, providing them with a simple, fast, and efficient international payments solution.

As investors and market participants reduce their risk appetite in response to global geopolitical tensions, we have seen strong demand for low-volatility currencies. Our FIG division has been able to meet this demand and act as a payments gateway for the global clearance and supply of US dollars by using Moneycorp Bank’s membership to the FRBNY’s FBICS program.

Chief Executive Officer's review continued

Digital investments

We continue to invest heavily in digitising our client solutions. Our state-of-the-art technology is underpinned by a single platform for corporate and private transactions. This integrated platform, with built-in APIs, automatically connects to over 16 liquidity providers.

Moneycorp's technology is supported by an industry-leading security and compliance framework trusted by regulators and clients. During the year, we completed a significant data centre migration, now employing Microsoft Azure, further improving scalability and security.

We will continue to leverage our distinctive technology stack, and this year we will continue to develop tech-enabled solutions that go beyond the traditional framework for sending and receiving money.

Sustainability

We are at an early point in our sustainability journey, but our commitment to net zero and to the communities in which we operate is very clear. We have actions underway right across the Group – from aligning the entire Group to scope 1 and 2 reporting as already being performed by our UK based entities, to a waste reduction and recycling programme across all our sites which has resulted in less than 1% of waste at our London HQ going to landfill. We know we have more to do, and we are fully committed to playing our part.

Looking ahead

I am confident that Moneycorp will continue to perform well against our KPIs, with revenue and EBITDA growth supported by our strong and resilient business model. We continue to see a significant increase in demand from SME clients and financial institutions that require a trusted, scale partner to provide sophisticated currency solutions for their businesses around the world.

We have reviewed all clients and transactions and can confirm full compliance with all applicable international sanctions with regards to the war in Ukraine. We no longer offer trades for currency pairs with Russian ruble (RUB) or Ukrainian hryvnia (UAH) and have no exposure to these currencies. All payments and transactions to any parties on sanction lists, in any currency, have been suspended indefinitely.

Notwithstanding the uncertainty caused by the war in Ukraine and macroeconomic headwinds, we expect growth to continue into 2022 as we enhance and strengthen our offer to clients and further expand into new products and markets.

READ MORE
ESG review for more details

Thanks

None of our success this year could have been possible without the dedication of colleagues. I am extremely grateful to each of them for their hard work and commitment and am very proud of all their efforts.

Mark Horgan
Chief Executive Officer
29 July 2022

Our strategy

Our strategy is to grow our position as a world-leading digital payments platform by capitalising on the strength of our technology, high-quality service, transparent pricing and cost-efficient operating model.

Strategy and market opportunity
We focus our efforts on two key client segments: SMEs in the UK, Europe, North America and Brazil, and financial institutions globally. Moneycorp's unique propositions to these clients – including a multi-currency single IBAN account and access to the FRBNY via our Fedwire account – enables seamless payments across multiple geographies.

For our SME clients, this means facilitating vital trades, such as payments to international suppliers, as well as providing internal cash management facilities. It also enables them to efficiently pay employee wages and salaries across multiple currencies.

For our financial institutions clients, this means providing them with the ability to make US dollar and other currency cash transactions, where we play a pivotal role in the clearance of physical banknotes.

In 2021, we helped our clients make £38bn of payments, an increase of 18% versus the prior year.

The Group has several ongoing initiatives across its business segments to achieve its strategic objectives including enhancing existing product offerings, actively growing internal sales teams, expanding geographic presence, developing new client segments, and supply chain efficiencies.

The Group continues to explore future opportunities, including providing cross-border services to financial institutions and single cross-currency clearing and settlement offerings, leveraging our unique multi-currency single IBAN account.

Our key strategic priorities are:

Focus on clients
Focus on client service to two client groups: SMEs in our core markets and financial institutions globally

Maintain a broad product offering
Maintain a broad product offering addressing a wide range of client requirements, from simple to complex FX and payments requirements

Enhance our digital payments platform
Continue to invest in our digital payments platform to further reduce friction in cross-border payments for our clients

Expand in partnerships
Leverage our digital platform via partnerships

Our marketplace

Moneycorp is present in 10 geographies – the UK, Ireland, the US, Canada, Brazil, UAE, Hong Kong, Romania, Spain and Gibraltar – but can serve client requirements in 190 countries around the world.

We estimate the potential customer flows in our markets to be c. $60tn. Cross-border currency and payments are growing at c. 5%, above the market rate. US dollar circulation continues to grow strongly, with the total stock of US dollars in circulation now at $2.1tn. We continue to see strong demand for US dollars as investors and market participants favour low-volatility currencies. Internationally held dollars have grown faster than domestic, with the proportion of US dollars held internationally now at 46%. Notwithstanding the demand driven by ongoing geopolitical tensions, we expect the demand for physical dollar currency to continue to grow, driven by intra-regional trade and liquidity requirements, supported by the use of the US dollar as a store of value.

In the cross-border payments market Moneycorp's estimated share remains at less than 1%. In all the markets in which the Group operates there is a large market opportunity for future growth by gaining market share from incumbents through stronger client focus, superior technology integration and better product offering, capabilities and pricing.

Global market opportunities

Forecast cross-border market revenue growth

4-8% CAGR

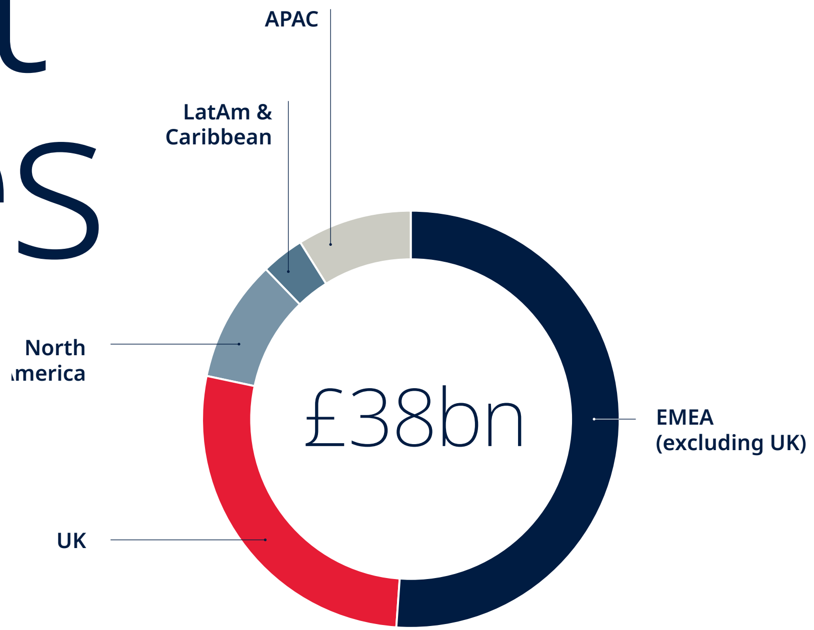
Touch points in countries covering

70% of global GDP

Total addressable market flows

US$ 60tn

2021 Group flow per client region



Our business model

Moneycorp is a global fintech with bank licences that provides seamless and efficient payment services to financial institutions, corporate SMEs and private clients.

What we do

The clients we serve

- SMEs
- Central banks
- Commercial banks
- Payment service providers
- Individuals

The services we offer

- International Payment Services – Corporate Multi-Currency Accounts: a range of cross-border hedging and payment solutions to clients with cross-border needs, supporting B2B and B2C transactions
- International Banking Services – Bank Fedwire Account: payments gateway to the FRBNY, providing banknotes globally

Our channels

Online

Access to payments account 24/7. Provides ability to buy and sell over 30 currencies, with real-time rate tracking and secure multi-factor authentication

App

Send payments overseas with confidence – anytime, anywhere. All the benefits of our online services via our user-friendly mobile app

API

Our platform utilises APIs to simplify and automate clients' payments process

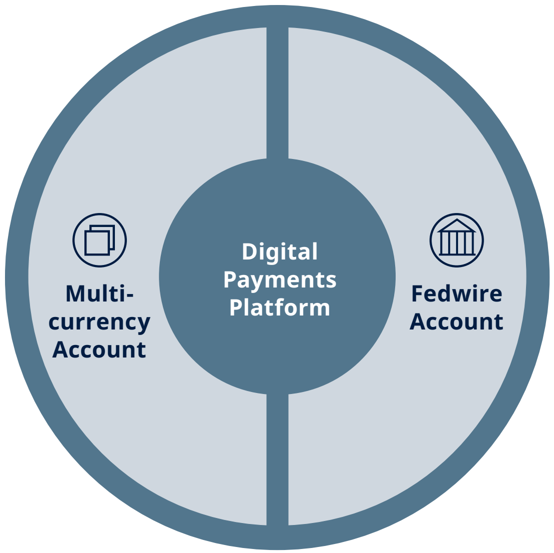
Telephone

Our 100+ dedicated currency specialists help guide and support clients through the FX payments process

Referring partners

Working together, we combine expertise to provide tailored payments support and obtain greater client reach

The Moneycorp Platform



Our unique digital payments platform is underpinned by:

- Real time quotes with 16 liquidity providers
- E-auction
- Client Moneycorp multi-currency accounts
- Various payaway banks and payment methods
- Banking & Payments licences

Delivering value to beneficiaries

Covering over 120 currencies, we help clients with their international payment and currency requirements, including:

- Importing and exporting goods or materials
- Paying for overseas services
- Funding overseas offices
- Paying staff based abroad
- Providing liquidity to financial institutions

These can be made via 1:1 payments, 1:many payments or through physical banknote delivery via third parties

Our purpose

Reducing friction for clients, providing them with high quality, competitive products that help them navigate the complex global payments market.

Financial review

Despite the COVID-19 pandemic, the Group achieved strong growth in 2021, reflecting the demand for specialist payment services during times of economic uncertainty and our client-orientated business model.

Profitable and high growth business

Operational review

The Group's operations were uninterrupted by the COVID-19 pandemic, with the exception of the retail business unit. The Group continued to operate in accordance with government guidelines which primarily consisted of a remote working environment for the majority of 2021. The safety and wellbeing of our employees, clients and other stakeholders was a key priority during 2021 and will continue to remain so into the future.

The Group reported overall growth in 2021 with revenue increasing by 30% to £141.2m. This growth is testament to our client-orientated business model and reflects the demand for specialist international payments services at a time of significant currency volatility, supply chain disruption and new international trading regulations. The most significant growth was realised within International Banking Services–FIG EMEA and International Payment Services–North America with revenue increasing by £14.8m (57%) and £6.4m (49%) respectively. The Group reported revenue retention of 108% from corporate clients in the International Payment Services business on the prior year.

The EBITDA of the Group, grew 38% to £36.7m representing an EBITDA margin of 26%. The most significant EBITDA growth in the year was achieved within International Banking Services–FIG EMEA and International Payment Services–North America, with EBITDA increasing by £8.9m (77%) and £1.6m (35%) respectively. We are a highly cash generative business, with approximately 70% of the Group's EBITDA converted to cash, and are poised for further growth and significant scalability.

EBITDA to cash conversion
~70%

108%
revenue retention

EBITDA margin
26%

Velizar Tarashev
CFO

Financial review continued

Business unit operating review

Group revenue and Group EBITDA are financial performance indicators that management use internally to assess performance. They are summarised in the following table to provide greater understanding of the underlying performance of the Group's operations.

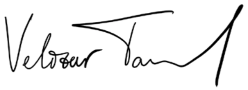
EBITDA is defined as earnings before finance costs, tax, depreciation, amortisation and significant one-off items.

The management accounts that are used internally are based on Old Generally Accepted Accounting Practice in the UK (Old UK GAAP) as required by the wider Moneycorp Group's lenders, whereas the statutory results are reported and audited under IFRS as adopted by the UK.

Subsequent to the reporting date the wider Moneycorp Group has completed the refinancing of its senior debt facility. As a result of this, the Group is converting to IFRS management reporting from 2022.

Support services represent central costs, primarily related to back-office functions. The increase in support service costs year-on-year is a result of the growth across the Group and investment in talent and capabilities.

Detailed business reviews have been outlined on the following pages for the two main business segments.



Velizar Tarashev
CFO
29 July 2022

Group revenue and EBITDA (under Old UK GAAP)

	2021 £000s	2020 £000s	Growth £000s	Growth %
Continuing Group revenue				
International Payment Services	**91,521**	76,187	**15,334**	**20%**
International Banking Services	**49,373**	32,199	**17,174**	**53%**
Other	**328**	580	**(252)**	**(43%)**
	141,222	108,966	**32,256**	**30%**
Group direct trading costs	**(37,369)**	*(26,778)*	**(10,591)**	**40%**
Group operating costs	**(67,113)**	*(55,577)*	**(11,536)**	**21%**
Group EBITDA				
Business segment contribution EBITDA	**59,813**	*46,061*	**13,752**	**30%**
Support services	**(23,073)**	*(19,450)*	**(3,623)**	**19%**
Continuing EBITDA	**36,740**	*26,611*	**10,129**	**38%**
Discontinuing EBITDA (Retail)	**(1,399)**	*(4,047)*	**2,648**	**(65%)**
Total Group EBITDA	**35,341**	*22,564*	**12,777**	**57%**

Statutory profit for the year

The overall operating profit for the year of £17.0m has improved by £15.7m compared to the prior year (2020: £1.3m) largely as a result of the growth in International Banking Services in 2021 and a one-off provision taken in 2020 for the non-recurrence of the retail business of £3.9m.

The Group reported a statutory profit after tax for the year of £4.8m (2020: £6.1m loss). The interest charged on related party borrowings, as well as depreciation and amortisation, are the key drivers of the difference between EBITDA and the statutory result.

A detailed reconciliation from the management accounts to the statutory result is shown on page 96.

READ MORE
Detailed reconciliation

Our key performance indicators

KPIs are measured across the Group's main business segments to assess how we serve our clients and generate value for stakeholders. The following financial and non-financial KPIs enable us to track our performance against our priorities.

Each regional business unit has a management team responsible for the operations of the business unit and uses KPIs in order to manage and develop the business to achieve the Group's strategic objectives.

These are discussed in the Business review on the following pages.

In addition to Generally Accepted Accounting Principles (GAAP) measures, the Group's KPIs include a number of alternative performance measures (APMs). Further details regarding our APMs are included within the Other information section of the report.

READ MORE
Alternative performance measures

Revenue and growth*

£141.2m

2020: **£109.0m** Growth: **30%**

EBITDA and growth*

£36.7m

2020: **£26.6m** Growth: **38%**

EBITDA margin

26%

2020: **24%**

Trading volumes (flow)**

£38bn

2020: **£32bn** Growth: **18%**

IP straight-through processing (STP)

82%

2020: **83%**

IP corporate client retention

108%

2020: **87%**

* Continuing operations only, excluding retail

** Trading volumes represents flow measured as single leg transaction volume

Business review

International Payments Services

Offers a range of foreign exchange products and payment services to corporate SMEs and private clients. This business segment operates across four continuing business units based on location and the associated client base: the UK, Europe, North America and Brazil.

All International Payment Services business units performed strongly during the year with the expansion of Moneycorp's geographical footprint evidenced within the revenue and EBITDA growth achieved by North America and Brazil.

The decline in UK EBITDA of 1% is a reflection of the continued effect of the COVID-19 pandemic, impacting the appetite for international property purchases by private clients.

International Payment Services – Corporate

In 2021, International Payment Services – Corporate delivered revenue and EBITDA growth of 23% and 10% respectively compared to the prior year. This business is focused on SME importers and exporters, offering a range of payments and foreign exchange products, including spots, forwards and options.

New client revenue for International Payment Services – Corporate improved 68% year-on-year from £5,927k to £9,942k (2020: 7%). Revenue from the existing client base in International Payment Services – Corporate delivered further growth on prior year of 108% as the Group deepened its share of the client wallet (2020: 87%). Both of these KPIs demonstrate the successful growth and retention of clients as a result of the Group's product offering, customer service and price optimisation strategy.

The Group ceased operations in Australia during the second half of the year.

International Payment Services	2021 £000s	2020 £000s	Growth £000s	Growth %
Revenue				
UK	**49,063**	48,039	**1,024**	**2%**
Europe	**13,727**	8,885	**4,842**	**54%**
North America	**19,635**	13,211	**6,424**	**49%**
Brazil	**7,912**	4,244	**3,668**	**86%**
Australia	**1,184**	1,808	**(624)**	**(35%)**
Total	**91,521**	76,187	**15,334**	**20%**
Corporate	***72,849***	59,372	***13,477***	***23%***
Private	***18,672***	16,815	***1,857***	***11%***
Total	***91,521***	*76,187*	***15,334***	***20%***

International Payment Services	2021 £000s	2020 £000s	Growth £000s	Growth %
EBITDA contribution				
UK	**23,329**	23,583	**(254)**	**(1%)**
Europe	**6,100**	4,518	**1,582**	**35%**
North America	**6,369**	4,721	**1,648**	**35%**
Brazil	**585**	(161)	**746**	**n.m.**
Australia	**385**	14	**371**	**2,650%**
Total	**36,768**	32,675	**4,093**	**13%**
Corporate	***28,355***	*25,737*	***2,618***	***10%***
Private	***8,413***	*6,938*	***1,475***	***21%***
Total	***36,768***	*32,675*	***4,093***	***13%***

Business review continued

International Payment Services – Private

This business is focused on high-net-worth individuals who require cross-border payment services. In 2021, International Payment Services – Private achieved revenue and EBITDA growth of 11% and 21% respectively compared to the prior year.

2021 continued to be heavily impacted by the COVID-19 pandemic which has reduced the appetite for international property purchases. The business segment saw a 16% fall in the number of transactions (2020: 34% decrease) offset by an increase in average transaction value (ATV) of 24% and revenue per deal of 30% (2020: increase of 30% and 21% respectively).

Market overview

Growth in International Payment Services is expected to be driven from corporate clients in line with the strategic focus on this client segment, alongside sustained pricing optimisation. The business segment will also continue to undertake initiatives to optimise its payment routing channels as it expands into other markets.

The International Payment Services business is strategically expanding its geographical footprint into additional European countries and North America.

North American operations are expected to continue growing via expansion of the Canadian and the US corporate markets, as well as growth from new business initiatives. This includes enhancing low value payment rails and developing existing technology to extend the offering of the payment solutions product through APIs.

Growth in Brazil is expected to continue, leveraging the foreign exchange bank licence, and the natural growth of that economy.

65%

Group continuing revenue

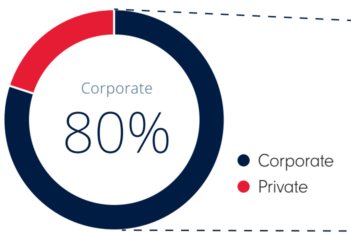
£91.5m

Revenue

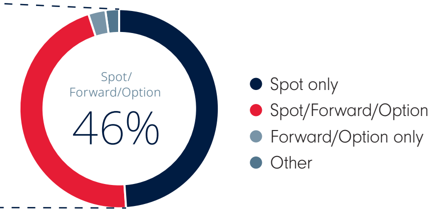
£36.8m

EBITDA contribution

Revenue by client type



Corporate clients transacted



Business review continued

Unique tailored service

Combining Inchcape's maritime know-how with Moneycorp's payment expertise, Smart Pay provides a tailored payments solution to maritime businesses around the world.

Inchcape case study

Inchcape is a leading maritime service provider of port agency, marine services, and digital solutions for businesses shipping and trading worldwide.

Inchcape recognised that for many of their clients, who had accounts and beneficiaries all over the world, making payments could be complicated and expensive. They were faced with an inefficient banking and account structure and had multiple arrangements in place. They needed a simple solution to very complex currency and banking requirements.

Inchcape partnered with Moneycorp to develop Inchcape Smart Pay – an innovative approach that has revolutionised maritime payment solutions. Powered by Moneycorp, it provides Inchcape clients with access to competitive currency prices on one digital platform for all transactions.

Inchcape Smart Pay provides a single multi-currency account, using Moneycorp API-technology to improve connectivity and to facilitate fully integrated, screened and validated, mass-payment solutions for instant multi-bank transfers.

Smart Pay provides for better management of currency and payments and removes manual processing by taking advantage of bulk-payment capabilities.

Business review continued

International Banking Services

This segment comprises two business units – Moneycorp Bank and FIG. The FIG business can be further divided across two geographical regions – EMEA and APAC.

Moneycorp Bank offers to businesses and individuals: payment and foreign exchange services; prepaid cards; and notice deposit accounts. Utilising Moneycorp Bank's membership to the FRBNY's FBICS program through its banking licence in Gibraltar, FIG acts as a payments gateway for the global supply of US dollars, thereby enabling the safe distribution of liquidity to commercial and central banks worldwide.

In 2021, International Banking Services delivered revenue and EBITDA growth of 53% and 72% respectively compared to the prior year.

Financial Institutions Group (FIG)

As one of only three providers in the international primary market with direct access to the FRBNY (and one of only two members to the FBICS program), the Group provides clearance for the global supply of US dollars, as well as distributing other currencies to meet client needs. Significant share gains from incumbent banks have been achieved during the year, which has resulted in year-on-year growth in the FIG business, along with the onboarding of a key strategic client at the end of 2021.

International Banking Services	2021 £000s	2020 £000s	Growth £000s	Growth %
Revenue				
FIG EMEA	**40,818**	26,014	**14,804**	**57%**
FIG APAC	**5,116**	3,418	**1,698**	**50%**
Moneycorp Bank	**3,439**	2,767	**672**	**24%**
Total	**49,373**	32,199	**17,174**	**53%**

International Banking Services	2021 £000s	2020 £000s	Growth £000s	Growth %
EBITDA contribution				
FIG EMEA	**20,459**	11,566	**8,893**	**77%**
FIG APAC	**716**	387	**329**	**85%**
Moneycorp Bank	**1,870**	1,433	**437**	**30%**
Total	**23,045**	13,386	**9,659**	**72%**

Moneycorp Bank core ratios	2021 £000s	2020 £000s
Core financial ratios reported at the balance sheet date were as follows:		
CET/Tier 1 capital ratio*	**52%**	67%
Liquidity coverage ratio (LCR)	**12.4x**	13.3x
Net stable funding ratio (NSFR)	**161%**	184%

* CET/Tier 1 capital ratio is calculated as share capital and retained earnings as a percentage of risk weighted assets. Under the Capital Requirements Directives IV Moneycorp Bank must maintain a ratio above 8%.

Business review continued

The largest component of trading costs associated with the FIG business is cash-in-transit (CIT) security costs which for 2021 totalled £18.0m (2020: £12.5m). CIT security costs represents the costs paid to third party security/courier firms who are used to ensure the safe and secure transportation of physical banknotes to and from clients.

Moneycorp Bank

Moneycorp Bank has benefited from being able to offer a one-stop international payments solution for clients trading foreign exchange, holding cash on deposit or spending on prepaid cards and is underpinned by its multi-currency single IBAN account. This led to growth in revenue of 24% year-on-year.

Market overview

The access to the FRBNY FBICS program will continue to provide significant opportunities for future growth in the International Banking Services business.

The growth of International Banking Services is expected to be driven by increased trading volumes across EMEA and APAC, through leveraging the Group's existing relationship with the FRBNY.

Alongside the existing business model, the Group expects to increase its share of wallet with existing financial institutions by offering payment-as-a-service products and white-labelling.

Cash transportation logistics is assessed on a continuous basis, with the aim of identifying synergies to meet client demand, improve operational resilience and control, and reduce emissions associated with the global supply of banknotes.

Moneycorp Bank will continue to build out its payment offering to clients, introducing a wider range of foreign exchange products including options and structured forwards.

35%

Group continuing revenue

£49.4m

Revenue

£23.0m

EBITDA contribution

Business review continued

A trusted supplier

Banco Ourinvest case study

Banco Ourinvest, based in Brazil, is a respected investment bank with a full service foreign exchange department, providing Brazilian reais and foreign currencies to a range of customers.

In order to meet their own customer needs, Ourinvest has been using Moneycorp as a trusted banknotes supplier over the last eight years.

As COVID-19 spread across the world during 2020 and continued into 2021, Moneycorp's clients' needs rapidly changed. Countries began stopping flights which meant our operations team had to find new means of moving banknotes. This huge logistical challenge came at a time when our clients, including Ourinvest, needed us the most as they were accumulating banknote stocks quickly and needed a solution fast. Many of the global banknote suppliers significantly reduced operations as the world started closing its doors, but instead we adjusted to operational constraints as necessary, as we felt a duty to continue to service all our clients.

We are proud to say we continued to provide banknotes, via our Fedwire account, to Ourinvest throughout 2021.

"The Moneycorp team are always working on finding new solutions and are fast problem solvers, which was evident during the pandemic, when we were working the opposite way we usually do (buying locally and exporting, instead of being net importers of banknotes). Besides acting as a supplier, over the years we have created a relationship of confidence. Moneycorp's positive way of thinking is a huge advantage over the competition."

ESG review

The Group recognises that it has a responsibility to the communities in which it operates, and is undertaking a review of its existing ESG policies and frameworks to ensure they reflect the expanding global nature of the business.

The Group's focus on ESG can be evidenced through the below 2021 examples:

Environmental

- A commitment to plant 10,000 trees was achieved;
- A salary sacrifice scheme for electric cars was introduced;
- Scope 1 and 2 emissions calculated for all UK based entities; and
- For the Group's office buildings, measures have continued to be followed to reduce waste and ensure appropriate recycling is performed. This saw less than 1% of waste generated at the main London HQ office result in landfill.

Social

- Offices were pre-emptively closed to protect staff from the risk of rising COVID infections;
- Remote working continued for the majority of staff throughout 2021 due to COVID conditions, and an increased number of employees moved to permanent home worker contracts;
- Another successful Future Frontiers programme was completed whereby a group of young people from disadvantaged backgrounds were given face-to-face career coaching;
- The Moneycorp Academy was launched with a framework focusing on individual contribution, management effectiveness and leadership excellence. 16 courses were conducted, delivering inspiring content to 113 colleagues;
- 'Focus on Wellbeing' initiatives included modules on wellbeing for parents, mindfulness, emotional intelligence, building resilient teams, and mental health for first aider;
- The established Employee Assistance Programme continued to support colleagues with confidential support, counselling and advice; and
- Sponsored the 'Brands of Tomorrow' programme, supporting 12 upcoming businesses with new reporting risks associated with currency markets.

Governance

- A comprehensive governance review with external advisors was undertaken to establish core structural roles and responsibilities including within Boards, Committees and delegated authorities; and
- The C-suite expanded to four distinct executive positions:
  - Chief Executive Officer;
  - Chief Financial Officer;
  - Chief Operating Officer; and
  - Chief Counsel, and Chief Risk and Compliance Officer (CRCO).

Diversity, equity and inclusion (DE&I)

The Group's policy is not to discriminate against anyone, on any grounds. The Group 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, marital or civil partnership status. The Group 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 Group.

Objectives for 2022

ESG, including DE&I, is on top of the agenda for the CRCO, who is the ESG policy owner, and continuous improvements are being made. This includes more defined objectives and metrics being further developed for 2022. These will align to those of strategic importance to the Group and Bridgepoint (the Group's ultimate controller), such as DE&I, climate change and transition to net zero. Amongst the key performance indicators being set for 2022, the following areas will feature:

- Climate change and greenhouse gas (GHG) emissions;
- DE&I (female employees and Board members, Board members from under-represented groups (including LGBTQ+));
- Health and safety (work-related accidents, injuries, fatalities and number of days lost to injury); and
- Employee headcount (organic net new hires, total net new hires, annual percentage attrition, and employee engagement).

ESG review continued

Future Frontiers case study

Moneycorp has teamed up with the award-winning education charity Future Frontiers to provide career coaching and access to professional role models to young people from disadvantaged backgrounds, particularly those who are at risk of disengaging from learning and not fulfilling their potential.

In 2021, Moneycorp employees spent 54 hours mentoring Year 12 pupils with 1:1 coaching, linking them with professionals in their areas of interest, identifying career paths and planning for their next steps.

Moneycorp's partnership with Future Frontiers, which has now completed its second year, has made a huge difference to young people transitioning to high-quality further education and training or workplaces. We are looking forward to continuing our relationship with Future Frontiers as they continue to make a lasting impact on young people across the UK.

180 hours

Spent so far by Moneycorp volunteers providing 1:1 career coaching and mentoring to young people in non-selective comprehensive schools

"It was extremely rewarding to spend time helping my mentee open themselves to options which may not have been originally apparent to them."

Moneycorp mentor

"With my Moneycorp coach, I learned about the options I have available, including what university options there are. I have a clear plan of the option route available to me to get into my top career choice or my Plan B option."

Future Frontiers mentee

Risk management

The Group's risk management framework is designed to ensure that material business risks throughout the organisation are identified and effectively managed.

The Group operates a risk management model with three lines of defence. The responsibility for risk management resides at all levels, from the Board and the Executive Committee down through the organisation.

These responsibilities are distributed so that risk versus return decisions are taken at the most appropriate level, as close as possible to the business, and remain subject to effective review and challenge.

The responsibilities for effective review and challenge reside with senior managers, the Group Audit Committee, internal audit, the independent risk function, the Group Risk Committee and ultimately the Board.

Three lines of defence:

1. Day-to-day risk management by business areas and functions

2. Group Board | Audit Committee | Risk Committee | Compliance Department | Subsidiary Boards and Committees

3. Internal audit

Risk management continued

The Group has identified the following key areas of risk:

Operational risk

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

Operational budgets include appropriate investment levels to ensure that critical systems and processes are maintained, client data is protected and staff are properly trained and developed.

The Group also maintains certain insurance to limit exposure.

Regulation and compliance risk

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

Regulatory and compliance policy is led centrally by the CRCO and there is a dedicated compliance team within the business which ensures compliance with Anti Money Laundering and Countering Financing of Terrorism (AML/CFT), sanctions and other legal, regulatory and licensing requirements.

The Group's legal team, in conjunction with external legal counsel, advises on the regulatory environments in which the Group operates and provides advice on any measures required to maintain regulatory licences as appropriate.

Cyber and technology risk

The Group adopts the three lines of defence model for information and cyber security. The dedicated Information Security Team, headed by the Chief Information Security Officer, acts as the second line of defence, reporting into the CRCO.

The Group has invested in the ISO 27001 security programme to enhance the identification, protection, detection, response and recovery, from any potential security incident. The Group also has a mandatory security training programme for staff to increase awareness of the potential threats and tactics used by cyber criminals.

Risk management continued

Currency risk

The Group is subject to foreign exchange exposures arising from the translation of the financial results and underlying net assets of its overseas businesses into pounds sterling. The major currencies (USD, GBP, EUR) account for 85% of the Group's revenue. Foreign exchange exposure is managed by the Group's Treasury function with profits converted to each entities functional currency via foreign exchange spot deals.

The Group's business involves brokering foreign exchange contracts to clients, and entering into back-to-back arrangements with liquidity providers to remove the currency risk on these transactions.

The Group maintains bank balances and physical cash stocks in a number of currencies, and invoices and receives payments in these currencies, therefore is exposed to movements in foreign exchange rates on these balances. The majority of the effects of exchange rates changes on cash and cash equivalents is offset by exchange rate movements on the corresponding liability for client held funds.

Liquidity and financing risk

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

The Group generally requires clients to pay prior to making outward payment to beneficiaries or supplying physical banknotes and foreign exchange contracts to clients are entered into back-to-back.

The wider Moneycorp Group has financing facilities in the forms of shareholder loan notes and senior debt facilities, with covenants tested on a quarterly basis.

The Directors consider that these facilities, in combination with other credit facilities and cash at bank, provides sufficient liquidity to meet the Group's funding requirements and to ensure all covenants are met.

Credit risk

The Group does not provide traditional forms of credit to its clients. However, credit exposures do arise, normally for short periods of time, as the Group depends on its clients and counterparties to pay for funds and services provided and to honour their obligations under foreign exchange contracts. Group policies require new and material increased client credit exposures to be approved by the independent credit department. Credit exposures are overseen by the Group Credit Committee, which is chaired by, and comprises, a majority of individuals who are independent from the revenue generation functions of the business.

Credit exposures are monitored daily by the credit department and actions are taken where appropriate. Most commonly, this will be a call for cash margin from a client when a pre-determined risk limit is reached or, by exception, when a client's credit profile is deemed to have deteriorated significantly. A summary of aggregated and material individual credit exposures is presented to and discussed by the Board's Risk Committee periodically.

Realised credit losses during the year were minimal. Future credit losses are expected to remain modest and within the Group's Board-approved credit risk appetite. More information is disclosed in Notes 23 and 31 to the consolidated financial statements.

People risk

This is the risk that the Group fails to recruit and retain suitably qualified professionals required to achieve its strategy and business objectives while ensuring compliance with all relevant regulations.

The Group manages its people risk through:

- strategic resourcing and retention strategies;
- clear definition of responsibilities including in respect of risk management and performance assessment; and
- reward systems which take account of overall performance.

Risk management continued

Climate-related risk

There is an increased focus globally on climate change and its impacts on society, which has led it to become a key priority for governments, businesses and stakeholders.

We recognise the responsibility we have to our community and are in the process of reviewing our climate and wider ESG policies to better understand the impact of climate risk on our business operations and to be prepared for mandatory reporting requirements in the near future.

Our approach to climate and ESG is outlined under the ESG review.

READ MORE
ESG review

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

The Directors have considered the risks faced by the Group as a result of the war in Ukraine which began on 24 February 2022, after the current reporting period ended. Considerations made include the potential impact on the demand for the Group's foreign currency products, sanctions/business with sanctioned individuals/companies, exposure to service providers in Ukraine/Russia, change in credit risk of clients, liquidity of financial assets and operational resilience. The Directors have assessed the impact on the business performance to date and on the going concern assumption for the Group. Refer to the Directors' report for further details.

READ MORE
Directors' report

Various additional control measures have been introduced to ensure continued compliance with the Group's Sanctions Policy and the Group's CRCO continues to ensure appropriate steps are taken to maintain compliance.

In addition to the key risks highlighted, the Directors acknowledge there are various other risks which have been reduced to an acceptable level including:

- Outsourcing risk
- Strategic risk
- Concentration risk

Stakeholders

Stakeholders	Why are they important?	How we engage with them	Our actions in 2021
Clients	Clients are the heart of Moneycorp's business. We are committed to serving their best interests, and to engaging with them regularly. Delivering our strategy and building a long-term sustainable business requires us to understand what's important to our clients and to treat them fairly and with transparency	– We are acutely aware of the information needs of our clients and communicate information to them in a clear and transparent manner. Clients can be confident that they are dealing with a business where the fair treatment of clients is central to the corporate culture – We have clear lines of accountability for relationships, with systematic client interaction to ensure we meet their needs – Clients receive frequent and open communication tailored to their preferences including email, telephone, face-to-face meetings and senior management visits – We keep our clients informed about relevant market developments	– We held regular client round tables to hear their feedback on the products and services we provide – Clients received daily and weekly news briefs on key market and macroeconomic updates – As a response to COVID-19, all hospitality events with key clients were held virtually during 2021
Colleagues	Our colleagues are our most valuable asset. We need to be able to attract the right people, and continue to develop and motivate them. Our investment in people ensures their wellbeing and protects and strengthens our culture	– We keep our colleagues up to date with key developments that impact the business. We do this regularly and openly and encourage continuous feedback from colleagues on how we communicate with them – We develop talent by investing in our people. We provide training across all levels and colleague development is a key priority of the business – We have established an Employee Assistance Programme to support employees with confidential support, counselling and advice – Colleagues have regular 1:1 meetings with their managers and annual performance appraisals to ensure individual goals are set and tracked to support individual growth	– The Group CEO hosted all-colleague town halls providing information on the business, its performance and its strategic priorities. This included open Q&A sessions where employees were encouraged to ask questions and provide feedback – The CEO of each business unit held regular meetings with their employees considering similar areas at a business unit level – The Moneycorp Academy was launched during the year to provide colleagues with support on individual contribution, management effectiveness and leadership excellence. 16 courses were run during the year, delivering training to 113 colleagues
Regulators	We are subject to financial services regulation in many of our markets. Ensuring full compliance is critical for the continuing operations of the business	– We have a constructive and open dialogue with our regulators and have a programme of regular meetings with key regulators to ensure they are up to date on the business and our priorities – Regulators frequently engage with us to discuss their objectives, priorities and concerns and how they affect the shape of our business and industry	– We have proactively engaged with the GFSC regarding future key initiatives of Moneycorp Bank – We worked closely with regulators in light of the COVID-19 pandemic, providing frequent reporting of actual and forecasted impacts on business performance – We openly discussed and obtained support from our regulator regarding the onboarding of a key strategic client

Stakeholders continued

Stakeholders	Why are they important?	How we engage with them	Our actions in 2021
Business partners and suppliers	Our partners and suppliers (for example, banking counterparties, referral partners or third-party vendors) play a key part in enabling us to deliver a leading service to our clients by amplifying our capabilities and efficiencies. Our operational success is built on sourcing best-in-class suppliers and partners, who understand our unique offering and strategic goals	– We build long-term relationships with our key suppliers and partners. We ensure alignment on key requirements and expectations – We regularly engage with our key suppliers to ensure that each party understands the requirements of the other. This starts from the onboarding process where we ensure appropriate due diligence is undertaken in respect of third-party service providers prior to appointment, and continues throughout the relationship with appropriate monitoring and oversight – We continuously work on building strong relationships with banking counterparties, based on high standards of governance and clear and open channels of communication	– We undertook monitoring and oversight of appointed third-party service providers on a periodic basis – We kept regular and open channels of communication, face-to-face meetings and where appropriate tracked and monitored relationships through KPIs and service level agreements – The Board was updated regularly with core performance KPIs – We worked with a key banking partner to open new accounts, adding another bank as a payments option thereby mitigating risks by further diversifying our payment rail partners
Community	As a global organisation we recognise the importance of engagement with our community and making an active, positive contribution	– The Group Charity Committee, comprising a selection of colleagues from across departments and subsidiary companies, leads charitable giving – The Group provides a Future Frontiers programme – whereby local young people are given face-to-face career coaching by Moneycorp colleagues – We actively engage in other initiatives to share our wealth of knowledge and increase financial literacy in our communities	– The Group supported six charities during the year via charitable donations – We teamed up with the charity Future Frontiers to provide face-to-face career coaching to young people from disadvantaged backgrounds. – We sponsored the Walpole 'Brands of Tomorrow' programme which mentors upcoming businesses in currency, international payments and foreign exchange markets and associated risks
Lenders and shareholders	Our lenders and shareholders provide capital to support our business and its growth	– We have relationships built on transparency and mutual understanding – We adhere to the financial covenants and other obligations as set out in the wider Moneycorp Group's Senior Financing Agreement to ensure the lenders remain informed on the relevant aspects of our business	– The Finance Team had frequent dialogue with both lenders and shareholders of the business, providing them with a monthly reporting pack, quarterly covenant reporting and an annual budget presentation

Governance

Board of Directors

Balanced and experienced Board of Directors

The following were Directors during the year and up to the date of signing the financial statements, unless otherwise stated

All Directors are on the Board of Moneta Topco Limited, the ultimate Moneycorp Group holding company. Appointment dates reflect the date first appointed to the ultimate Moneycorp Group holding company.

* Are also Directors of Moneycorp Group Limited, the reporting company (previously known as Regent Acquisitions (Holdings) Limited). These appointment dates are detailed on page 97.

Alan Bowkett *
Chair

Appointed: 2020
Career and experience:
Alan Bowkett joined Moneycorp as Chair in 2020. He is a highly experienced Chair of international publicly listed and private equity backed companies operating in highly regulated markets. Alan is the former Chair of Redrow plc, the FTSE 250 housebuilder and former CEO of Berisford plc which then was a FTSE 250 holding company. He has previously served as Chair at several UK and international businesses, including IDH, Diaverum AB, Strix, Avio Srl, Acordis BV, Metzeler SA and Norwich City Football Club. Alan is currently Chair of EVAC Group Oy, Ontic and Cambridge Education Group.

Mark Horgan *
Executive Director – CEO

Appointed: 2012
Career and experience:
Mark Horgan was appointed Chief Executive Officer of Moneycorp in 2012. Before joining Moneycorp, he was Managing Director of Mastercard's Access Prepaid Worldwide subsidiary and previously Managing Director of Travelex's Cards and Mobile Payments Division. From 2005 to 2009 Mark was European CEO of The Number UK Limited, the owner of the 118 118 information service. Before joining The Number, Mark was an Executive Director at MFI Group plc where he spent six years, latterly as Retail Director. He began his career in FMCG businesses including in marketing roles at Nestlé, Mars and United Biscuits.

Velizar Tarashev *
Executive Director – CFO

Appointed: 2021
Career and experience:
Velizar Tarashev joined Moneycorp as Chief Financial Officer in February 2021. He has 20 years of international strategic and operational experience for global banks and consultancies in the UK and the US. He joined Moneycorp from Barclays, where he spent 13 years in a variety of leadership roles, including CFO for Barclays Private Bank and CFO for the Operations and Technology division. Prior to joining Barclays, Velizar spent several years with UBS Investment Bank, helping establish its Banking M&A and IPO offer for the CEE region, and at AT Kearney, where he delivered strategy and operations consultancy for major FMCG and pharma brands.

Adam Jones *
Investor Director – Representative of BEIV Nominees Limited

Appointed: 2020
Career and experience:
Adam Jones is a Partner and the COO of Bridgepoint, Moneycorp's ultimate shareholder, and Group Chief Financial Officer of Bridgepoint Group plc. He joined Bridgepoint in 2018 and is a member of the Group Board and its Executive Committee. Prior to Bridgepoint, Adam held a number of global CFO roles, including most recently at Pret a Manger and previously All3Media, NBC News in New York and Universal Studios. Adam started his career with PwC and then spent nine years at IMG, the global sports management group in a number of roles, latterly Senior International Vice President.

Board of Directors continued

David Yates
Vice Chair

Appointed: 2021
Career and experience:
David Yates was appointed Vice Chair of Moneycorp in 2021. He brings more than 35 years of leadership expertise in the payments industry, with deep experience in successfully building and investing in payments and technology businesses on a global scale. He most recently served as President of Mastercard's New Payment Platforms. David was the CEO and then Executive Chair of VocaLink, which was bought by Mastercard in 2017. He has also served as President of Western Union and as President of First Data International and is an Executive Partner of Siris Capital Group.

Emma Alley
Executive Director – COO

Appointed: 2021
Career and experience:
Emma Alley is the Chief Operating Officer at Moneycorp. She leads a global team of 250 people and oversees Technology, Payment Operations, Supply Chain and HR. Emma joined Moneycorp in 2013, and her previous role was Head of Strategy & Financial Planning. Emma is a Chartered Accountant and has previously worked for Transaction Services in KPMG and Davy Stockbrokers.

Peter Green
Executive Director – General Counsel & CRCO

Appointed: 2021
Career and experience:
Peter Green is Moneycorp's General Counsel and Chief Risk & Compliance Officer. He has held a number of senior legal and compliance roles in a variety of international blue chip organisations.

Peter joined Moneycorp in 2021 from MoneyGram International, where he served as their Global Head of Regulatory Affairs. Peter has previously held roles as General Counsel and Chief Compliance Officer at GE Capital Bank, Fawaz Al Hokair Group and Capita Group. In addition he was the Chief Legal Advisor and Chief Compliance Officer for Marks & Spencer Financial Services.

Colin Buchan
Deputy Chair

Appointed: 2014
Career and experience:
Colin Buchan is Deputy Chair of Moneycorp Group, and Chair of Moneycorp Bank. He had a long international career with UBS Warburg, becoming Global Head of Equities and a member of the UBS AG Management Board. He retired from UBS in 2001 and has since been a Non-Executive Director of RBS, a Non-Executive Director of Standard Life Group, Chair of Standard Life Investments, and Chair of Environcom, the largest recycler of white goods in the UK. Colin was a Director of the Royal Scottish National Orchestra and is now currently Chair of the Scottish Chamber Orchestra.

Martin Clements
Non-Executive Director

Appointed: 2018
Career and experience:
Martin Clements joined Moneycorp as a Non-Executive Director in 2018 where he also chairs the Risk Committee. Originally trained in computer and natural sciences, he spent more than 30 years at the United Kingdom Foreign and Commonwealth Office, holding the position of Director General Technology and Transformation at the time of his retirement in 2016. After leaving government, Martin has served on or chaired several Boards and acted as an advisor to business leaders, including the Chair and CEO of Credit Suisse AG (covering innovation, cyber-security and geopolitical risk). He is a Non-Executive Director of Cobham Limited.

David Shedd
Non-Executive Director

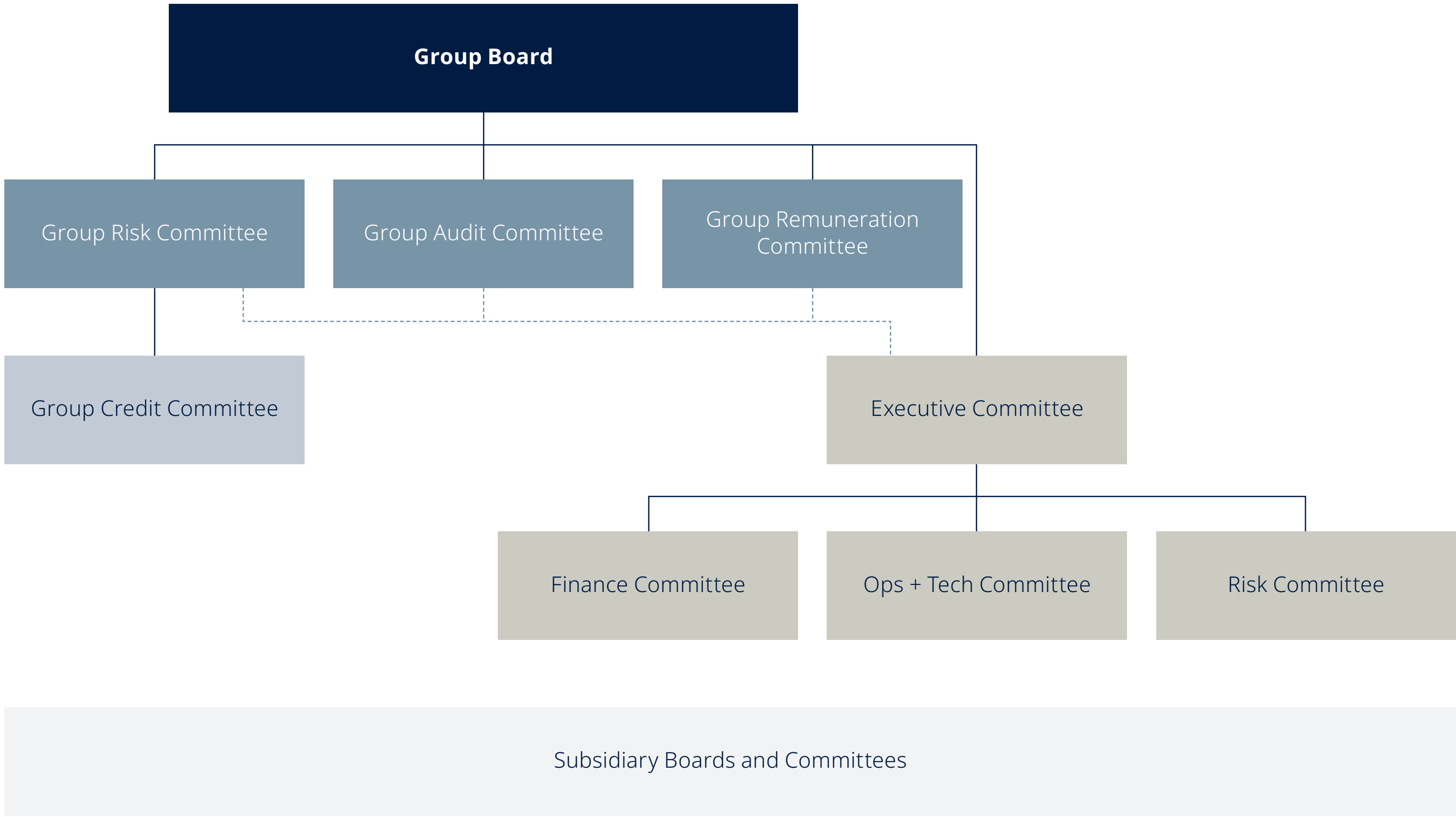
Appointed: 2018
Career and experience:
David Shedd joined Moneycorp as a Non-Executive Director in 2018. He has over 30 years of national security expertise serving as part of the US Government in a variety of senior intelligence roles. Prior to retiring from government service, he served as Acting Director and Deputy Director of the Defense Intelligence Agency. Amongst other roles, David previously served as the inaugural Deputy Director of National Intelligence for Policy, Plans and Requirements and as the National Security Council's Special Assistant to the President. He is the Adjunct Professor of Government at Patrick Henry College, Virginia.

Edward Goble
Investor Director – Representative of BEIV Nominees Limited

Appointed: 2021
Career and experience:
Edward Goble is a Director at Bridgepoint. Edward has worked closely with Moneycorp throughout Bridgepoint's investment to date. He joined Bridgepoint's Financial Services and Technology team in 2014, having previously worked in the M&A teams at Goldman Sachs and Deutsche Bank.

Governance at a glance

Strong governance is at the heart of the organisation. The Group Board maintains effective oversight via a series of committees with delegated authority from the Board.



Board and Board Committees:

- Corporate control and fiduciary responsibilities oversight: driven by clear, timely, transparent, and data-driven reporting (performance, accounts, audit, legal, regulatory, compliance)
- Strategy: definition, risk appetite, market and competitive landscape, talent and future-proofing
- Effectiveness: clear accountabilities, defined levels of approval, and a process/mechanism for escalation, independent challenge and logistical efficacy
- Stakeholder relationships: clear links and authority levels with subsidiary Boards, subsidiary Board Committees and Group Executive ecosystem

Executive Committee and sub-committees:

- Global decision making: ensure transparency, appropriate involvement and global adoption of strategy, implementation, operational matters and effectiveness
- Commerciality and entrepreneurialism: foster a spirit of commercial value creation and innovation
- Comprehensiveness and risk coverage: ensure all risks, business/product/functional areas and geographies are appropriately governed and monitored
- Efficiency and effectiveness: streamline communication channels, ensure appropriate levels of decision making

Governance at a glance continued

Committee	Role is to…	Meetings held in 2021
Group Risk Committee	– Review and monitor the Group's risk and compliance framework and to assess and make recommendations to the Board and the Group Executive Committee on Group-wide risks including financial, operational, IT/cyber and reputational risk. – As part of its responsibilities, the Committee reviews and monitors the Group's compliance with its internal policies as stipulated by the relevant Group policies, such as the Risk Management Policy, Information Security Policy and Compliance Manuals, on an ongoing basis.	4
Group Audit Committee	– Oversee and monitor the integrity of financial and narrative statements and any material financial judgements contained therein, to ensure they provide an accurate representation of the financial position of the Group. – In addition to this oversight role, the Committee monitors the independence and effectiveness of the external auditor and recommends to the Board (for its approval) appropriate terms of engagement. – As part of its responsibilities, the Committee reviews and monitors the Group's internal financial control framework, ensuring it is appropriate for the size and complexity of the business. Risk related to operations, governance, regulations, applicable laws and the Group's compliance with its internal policies is governed by the Risk Committee.	4
Group Remuneration Committee	– Assist the Board of Directors to fulfil its oversight responsibilities by reviewing and monitoring the Group's remuneration policy and strategy, to ensure it is designed to promote long-term sustainable success with a clear link to corporate and individual performance. This is achieved by ensuring that: (a) The remuneration policy and practices are designed to promote long-term success, reward fairly and responsibly and take into consideration corporate and individual performance; and (b) Remuneration is aligned to Moneycorp's purpose and values and linked to delivery of Moneycorp's long-term strategy.	Ad hoc as required; 3 meetings in 2021.
Group Credit Committee	– Review credit proposals that are outside the limits that can be decided by the Credit Department (as determined by Credit Policy). – Approve or decline credit proposals that are within the limits that can be decided by the Group Credit Committee (as determined by Credit Policy) or credit proposals that have been declined by the Credit Department and appealed by the relevant business unit. – Make recommendations to the Group Board for credit proposals that are outside the limits that can be decided by Group Credit Committee. – Discuss credit events or issues that the Credit Department or other business areas wish to present for consideration.	Weekly and ad hoc as required; 77 meetings in 2021.

Directors' report

The Directors present their report and the audited consolidated financial statements of Moneycorp Group Limited (the 'Company', previously known as Regent Acquisitions (Holdings) Limited) and its subsidiaries (together the 'Group', trading as 'Moneycorp') for the year ended 31 December 2021. The Group financial statements comprise the consolidated financial statements of the Company, including its subsidiaries and associated undertakings as defined by International Financial Reporting Standards (IFRS) as adopted by the United Kingdom (UK).

Controlling interest

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

The Group comprises of the Company and its subsidiaries as detailed in Note 16 to the consolidated financial statements. Additionally certain subsidiaries have branches in the UK, Spain and Romania.

Further details about the Company can be found on page 97.

No interim dividends were declared during the current or prior year and the Directors do not recommend the payment of a final dividend (2020: nil).

Principal activities and outlook

The principal activities and outlook for the Group, including subsequent events, are discussed in the Strategic report.

Going concern assessment

The Directors assess the Group's going concern for a period of at least 12 months from the signing of the annual report and consolidated 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 Group would be able to trade after the impact of a reasonable downside scenario on performance (stress testing);
- the adequacy of insurance cover;
- the continued parental support, including through shareholder loans;
- the continued availability of financing facilities and trading lines;
- complying with, or varying, covenant requirements of financing and facilities;
- the regulatory environment in which the Group operates; and
- the effectiveness of risk management policies, in particular, business continuity, compliance, regulatory and counterparty risks.

Performance subsequent to the reporting date

The performance for the Group for the first half of 2022 has been detailed below. Despite the ongoing war in Ukraine and its impact on the global economy, the Group has continued to perform well, and ahead of scenario planning detailed below, as the Group's established client base continue to require a range of hedging products in the face of economic uncertainty.

The Group has continued to show strong growth subsequent to the balance sheet date, following on from its impressive results in 2021. Revenue and EBITDA, excluding retail, for the first half of 2022 have both increased against the same period in the prior year, by 59% and 86% respectively.

Assessment

As part of the going concern assessment the Directors have undertaken scenario planning to understand the impact on the EBITDA and cash flows. This assessment included various scenarios such as adverse movements to interest rates, inflation, foreign exchange rates and other macroeconomic factors from the 2022 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 Group could continue to operate as a going concern.

This is supported by the following factors:

- the diversity of the Group's operations, product offerings and client base assists in reducing the overall risk;
- the refinancing of the wider Moneycorp Group's bank senior debt after the balance sheet date. This refinancing provides an extension and increase to the Group's previous senior debt facility; and
- the agreed financial support from the ultimate controller 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 Group were unable to continue as a going concern.

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.

By order of the Board

Velizar Tarashev
Director
29 July 2022

Statement of Directors' responsibilities

Directors' responsibilities for the financial statements

The Directors are responsible for preparing the Strategic report, the Directors' report/ annual report and the Financial statements for each financial year which give a true and fair view, in accordance with applicable Jersey law and International Financial Reporting Standards, of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies (Jersey) Law, 1991. They are also responsible for safeguarding the assets of the Group's and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Directors are aware, there is no relevant audit information of which the Group's auditors are unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Financial statements

Independent Auditor's report to the members of Moneycorp Group Limited (Formerly Regent Acquisitions (Holdings) Limited)

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2021 and of it's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs); and
- have been prepared in accordance with the requirements of Companies (Jersey) Law 1991.

We have audited the financial statements of Moneycorp Group Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2021, which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated statement of changes in equity, Consolidated cash flow statement 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 International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs).

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

Conclusions relating to going concern

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

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

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

Other matter

The corresponding consolidated figures for the year ended 31 December 2020 are unaudited.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Moneycorp Annual Report and Accounts 2021, 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 (Jersey) Law 1991 reporting

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Parent Company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Independent Auditor's report to the members of Moneycorp Group Limited continued

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or 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 Group and the industry in which the Group operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies (Jersey) Law 1991 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 Group financial statements.

Our tests included, but were not limited to:

- financial statements and any potential indicators of fraud. Furthermore, we communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- 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.

Independent Auditor's report to the members of Moneycorp Group Limited continued

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Parent 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 Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kelly Sheppard
For and on behalf of BDO LLP
Chartered Accountants
London, UK
Date: 29 July 2022

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

Consolidated income statement

For the year ended 31 December 2021

	Note	2021 £000	2020 Unaudited £000
Continuing operations			
Revenue	7	**143,470**	116,219
Direct expenses	8	**(37,369)**	(26,778)
Other administrative expenses	8	**(87,247)**	(89,903)
Other income	9	**75**	70
Net foreign exchange (losses)/gains		**(1,905)**	1,683
Operating profit		**17,024**	1,291
Net finance costs			
Finance income	10	**72**	127
Finance costs	11	**(8,154)**	(8,297)
		(8,082)	(8,170)
Profit/(loss) before tax		**8,942**	(6,879)
Tax (charge)/credit	12	**(4,376)**	733
Profit/(loss) for the year from continuing operations		**4,566**	(6,146)
Profit/(loss) from discontinued operations	18	**218**	(2)
Total profit/(loss) for the year		**4,784**	(6,148)
Profit/(loss) for the year is attributable to:			
Owners of the Company		**4,728**	(6,137)
Non-controlling interest		**56**	(11)
Total		**4,784**	(6,148)

The above statement should be read in conjunction with the accompanying notes on pages 49 to 93.

Consolidated statement of comprehensive income

For the year ended 31 December 2021

	Note	2021 £000	2020 Unaudited £000
Profit/(loss) for the year		**4,784**	(6,148)
Other comprehensive expense			
Items that may be reclassified subsequently to the consolidated income statement:			
Exchange loss on translation of foreign operations	29	**(929)**	(667)
Other comprehensive expense for the year, net of tax		**(929)**	(667)
Total comprehensive income/(expense) for the year		**3,855**	(6,815)
Total comprehensive income/(expense) for the year is attributable to:			
Owners of the Company		**3,808**	(6,775)
Non-controlling interest		**47**	(40)
Total		**3,855**	(6,815)

The above statement should be read in conjunction with the accompanying notes on pages 49 to 93.

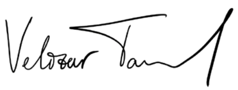
Consolidated balance sheet

As at 31 December 2021

	Note	2021 £000	2020 Unaudited £000
Non-current assets			
Goodwill and other intangible assets	13	**107,091**	109,521
Property, plant and equipment	14	**2,654**	4,125
Right-of-use assets	15	**8,274**	8,405
Net investment receivable	15	**573**	1,868
		118,592	123,919
Current assets			
Inventories	19	**–**	46
Cash and cash equivalents	21	**774,658**	634,043
Trade and other receivables	22	**98,577**	75,506
Prepayments		**1,962**	2,135
Derivative financial instruments	23	**58,297**	78,310
Net investment receivable	15	**207**	287
Current tax asset		**680**	–
		934,381	790,327
Total assets		**1,052,973**	914,246

	Note	2021 £000	2020 Unaudited £000
Non-current liabilities			
Borrowings	27	**(103,978)**	(96,192)
Lease liabilities	15	**(8,605)**	(10,144)
Deferred tax liability	24	**(1,728)**	(1,558)
		(114,311)	(107,894)
Current liabilities			
Trade and other payables	25	**(792,856)**	(658,082)
Provisions	26	**(2,082)**	(4,286)
Borrowings	27	**(23,363)**	(3,199)
Lease liabilities	15	**(2,199)**	(2,100)
Derivative financial instruments	23	**(45,084)**	(70,581)
Current tax liabilities		**(3,076)**	(1,957)
		(868,660)	(740,205)
Total liabilities		**(982,971)**	(848,099)
Net assets		**70,002**	66,147
Equity			
Share capital	29	**46,105**	46,105
Share premium		**17**	17
Capital contribution	27	**50,327**	50,327
Translation reserves	29	**(2,102)**	(1,182)
Accumulated losses		**(24,507)**	(29,235)
Non-controlling interest		**162**	115
Total equity		**70,002**	66,147

The consolidated financial statements of Moneycorp Group Limited (incorporation number 92479) were approved by the Board of Directors and authorised for issue on 29 July 2022. They were signed on behalf of the Board by:



Velizar Tarashev
Director
29 July 2022

The above balance sheet should be read in conjunction with the accompanying notes on pages 49 to 93.

Consolidated statement of changes in equity

For the year ended 31 December 2021

	Attributable to owners of the Company							
	Share capital £000	Share premium £000	Capital contribution £000	Translation reserve £000	Accumulated losses £000	Total £000	Non-controlling interest £000	Total equity £000
Balance at 1 January 2020 (Unaudited)	46,105	17	50,327	(544)	(23,108)	72,797	165	72,962
Contribution of equity change to non-controlling interest holding	–	–	–	–	10	10	(10)	–
Loss for the year	–	–	–	–	(6,137)	(6,137)	(11)	(6,148)
Other comprehensive expense	–	–	–	(638)	–	(638)	(29)	(667)
Total comprehensive expense	–	–	–	(638)	(6,137)	(6,775)	(40)	(6,815)
Balance at 31 December 2020	46,105	17	50,327	(1,182)	(29,235)	66,032	115	66,147
Balance at 1 January 2021	**46,105**	**17**	**50,327**	**(1,182)**	**(29,235)**	**66,032**	**115**	**66,147**
Profit for the year	**–**	**–**	**–**	**–**	**4,728**	**4,728**	**56**	**4,784**
Other comprehensive expense	**–**	**–**	**–**	**(920)**	**–**	**(920)**	**(9)**	**(929)**
Total comprehensive income	**–**	**–**	**–**	**(920)**	**4,728**	**3,808**	**47**	**3,855**
Balance at 31 December 2021	**46,105**	**17**	**50,327**	**(2,102)**	**(24,507)**	**69,840**	**162**	**70,002**

The above statement should be read in conjunction with the accompanying notes on pages 49 to 93.

Consolidated cash flow statement

For the year ended 31 December 2021

	Note	2021 £000	2020 Unaudited £000
Cash flows from operating activities			
Net cash generated from operations	30	**143,663**	132,639
Interest received		**–**	2
Interest paid		**(154)**	(125)
Income tax refund received		**10**	1,747
Income tax paid		**(4,023)**	(1,817)
Net cash inflow from operating activities		**139,496**	132,446
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		**9**	52
Purchases of property, plant and equipment		**(316)**	(685)
Purchases of intangible assets		**(6,718)**	(6,442)
Disposal of subsidiaries		**(95)**	–
Proceeds from net investment receivable		**225**	397
Net cash outflow from investing activities		**(6,895)**	(6,678)
Cash flows from financing activities			
Repayments of obligations under lease liabilities	15	**(2,861)**	(2,931)
Net cash outflow from financing activities		**(2,861)**	(2,931)
Net increase in cash and cash equivalents		**129,740**	122,837
Cash and cash equivalents at the beginning of the year		**630,844**	507,500
Effects of exchange rate changes on cash and cash equivalents	30	**(9,289)**	507
Cash and cash equivalents at the end of the year	21	**751,295**	630,844

The above statement should be read in conjunction with the accompanying notes on pages 49 to 93.

Notes to the financial statements

For the year ended 31 December 2021

1. GENERAL INFORMATION

Moneycorp Group Limited (the 'Company', previously known as Regent Acquisitions (Holdings) Limited) is a private limited company limited by shares, incorporated in Jersey under the Companies (Jersey) Law 1991. The address of the registered office is given in the company information on page 97. The nature of operations and the principal activities of the Company and its subsidiaries (together the 'Group', trading as 'Moneycorp) are set out in the Strategic report on pages 2 to 33 and Note 16.

2. BASIS OF PREPARATION

Compliance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs).

Historical cost convention

The consolidated 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 Group 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 consolidated 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 Group'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 Group would be able to trade after the impact of a reasonable downside scenario on performance (stress testing);
- The adequacy of insurance cover;
- The continued parental support, including through shareholder loans;
- The continued availability of financing facilities and trading lines;
- Complying with, or varying, covenant requirements of financing and facilities;
- The regulatory environment in which the Group operates; and
- The effectiveness of risk management policies, in particular, business continuity, compliance, regulatory and counterparty risks.

The performance for the Group for the first half of 2022 has been detailed in the going concern section of the Directors' report. The Group has continued to perform well, and ahead of scenario planning detailed below.

As part of the going concern assessment the Directors have undertaken scenario planning to understand the impact on the EBITDA and cash flows. This assessment included various scenarios such as adverse movements to interest rates, inflation, foreign exchange rates and other macroeconomic factors from the 2022 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 could continue to operate as a going concern.

Notes to the financial statements continued

For the year ended 31 December 2021

2. BASIS OF PREPARATION continued

Going concern basis continued

This is supported by the following factors:

- The diversity of the Group's operations, product offerings and client base assists in reducing the overall risk;
- The agreement of terms with the wider Moneycorp Group's new lenders after the balance sheet date, which provides an extension and increase to the Group's existing senior debt facility; and
- The agreed financial support from the ultimate controller 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 Group were unable to continue as a going concern.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year.

Control is achieved when the Company:

- Has the power over the investee;
- Is exposed, or has rights, to variable return from its involvement with the investee; and
- Has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the costs of purchase on initial recognition of an investment in an associate or jointly controlled entity.

Comparative numbers

2021 is the first year audited consolidated financial statement have been prepared for Moneycorp Group Limited. Prior year comparatives relate to the period 1 January 2020 to 31 December 2020 and are unaudited.

Notes to the financial statements continued

For the year ended 31 December 2021

3. NEW AND REVISED STANDARDS ADOPTED IN THE CURRENT YEAR

On 31 January 2020 the UK exited the European Union (EU). For financial periods beginning on or after 1 January 2021, companies were to apply IFRSs as adopted by the United Kingdom (IFRSs UK). The Group's 2021 financial statements have therefore been prepared under IFRS UK.

The Group has adopted the following standards and amendments for the first time for the annual reporting year commencing 1 January 2021:

Standard	New standard/ amendment	Details
IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*	Amendment	Definition of Material
IFRS 3 *Business Combinations*	Amendment	Definition of a Business
Revised Conceptual Framework for Financial Reporting	Amendment	
IFRS 7 *Financial Instruments: Disclosures*, IFRS 9 *Financial Instruments* and IAS39 *Financial Instruments Recognition and Measurement*	Amendment	Interest Rate Benchmark Reform
IFRS 16 *Leases*	Amendment	COVID-19-Related Rent Concessions Beyond 30 June 2021

None of these developments have had a material effect on how the Group's consolidated income statement or consolidated 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 2021 reporting period and have not been early adopted by the Group.

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	Amendment
IAS 16 *Property, Plant and Equipment*	Amendment	1 January 2022
IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*	Amendment	1 January 2022
IFRS 3 *Business Combinations*	Amendment	1 January 2022
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	1 January 2022
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 Group in the current or future reporting periods or on foreseeable future transactions.

Notes to the financial statements continued

For the year ended 31 December 2021

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 Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group 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.

The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

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 Group 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 the consolidated income statement.

Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in 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 operations are consolidated in accordance with the policies set out in Note 2 and the below.

Foreign currencies

The individual financial statements of each company within the Group are presented in their functional currency. For the purpose of the consolidated financial statements, the results and financial position of each company are expressed in pounds sterling (GBP), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, trading transactions denominated in currencies other than the entity's functional currency (foreign currencies) are translated at the exchange rates prevailing on the dates of the transactions.

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

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

Notes to the financial statements continued

For the year ended 31 December 2021

5. SIGNIFICANT ACCOUNTING POLICIES continued

Foreign currencies continued

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated from their functional currency to the Group's presentation currency, at the exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in equity.

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 the Group's cash-generating units (see Note 13). 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.

Brand names

Brand names acquired in a business combination are recognised at fair value at the acquisition date and are amortised on a straight line basis over their useful lives.

White label contracts

White label contracts, where the Group provides its international payments product suite on a white-labelled basis to banks, foreign exchange brokers and retailers, are capitalised as part of business combinations. These are amortised on a straight line basis over their useful lives.

Airport concession contracts

Airport concession contracts capitalised as part of business combinations relate to lease rights at retail locations. They are measured at cost less impairment, and amortised on a straight line basis over their expected useful lives.

Computer software

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

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

Capitalised software costs are recorded as intangible assets and amortised on a straight line basis over their estimated useful lives from the point in which the asset is ready for use. Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, such as maintenance of software programmes, is expensed as incurred.

Estimated useful lives of intangible assets are as follows:

Customer relationships	2–19 years
Brand names	15 years
White label contracts	10 years
Airport concession contracts	10 years
Computer software	4–10 years

Impairment of intangible assets

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

Notes to the financial statements continued

For the year ended 31 December 2021

5. SIGNIFICANT ACCOUNTING POLICIES continued

Property, plant and equipment

Property, plant and equipment is 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 their residual value, of assets over their useful lives using the straight-line method, on the following bases:

Motor vehicles	4 years
Fixtures and fittings	4–10 years
Computer equipment	4–5 years

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

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

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

Impairment of property, plant and equipment

At each balance sheet date, the Group 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 consolidated income statement.

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 consolidated income statement.

Inventories

Inventories relate to the UK retail business and include maps, phone cards and train tickets, which are stated at the lower of cost and net realisable value. Cost comprises those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

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

Classification:

The Group 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 Group commits to purchase or sell the asset. All financial instruments are initially measured at fair value adjusted for transaction costs.

The Group 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.

Notes to the financial statements continued

For the year ended 31 December 2021

5. SIGNIFICANT ACCOUNTING POLICIES continued

Financial instruments continued

Recognition and derecognition: continued

The Group derecognises a financial liability when, and only when, the Group's obligations are discharged, cancelled or they expire.

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

Financial assets at amortised cost

Cash and cash equivalents

Cash and cash equivalents comprise of cash, including physical banknotes and cash in transit/allocated to client orders, 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 consolidated balance sheet within borrowings.

Trade and other receivables

Trade and other receivables relate primarily to unpaid client orders for physical banknotes and payment service receivables, for unsettled client trades and option premiums. 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 Group measures a loss allowance on financial assets other than those at fair value through profit or loss. The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets at amortised cost regardless of if the credit risk has increased significantly since initial recognition or not. The amount of the loss allowance on financial assets is recognised in the consolidated income statement within administrative expenses.

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

Given the high credit quality and short term nature of the financial assets measured at amortised cost, the Group 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 consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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 Group 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 of the balance sheet date. They are recognised initially at original invoice, contract value or expected contract value being the best estimate of fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other payables largely comprise the Group's obligation to individuals and businesses in regards to outstanding client balances. They are recognised at the value of the cash consideration received being the best estimate of fair value.

Notes to the financial statements continued

For the year ended 31 December 2021

5. SIGNIFICANT ACCOUNTING POLICIES continued

Financial liabilities at amortised cost continued

Trade and other payables continued

Also included in trade and other payables is the Group's obligation to businesses (including central banks) in regards to physical banknotes ordered but not yet delivered, or purchased and not yet paid for, at the balance sheet date. They are recognised at the value of the cash consideration to be delivered/paid being the best estimate of fair value.

Derivative financial instruments

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

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

International payment services

Revenue from the payment services business primarily consists of the margin earned between the buying and selling price of currencies sold in foreign exchange spot, forward and option 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. Payment service transactions 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 line with the requirements of IFRS 15 *Revenue from Contracts with Customers*.

Option premium revenue is earned from entering option contracts with either banks or clients. Revenue is earned regardless of if an option is exercised or not. There is one agreed transaction price and it is wholly allocated to one performance obligation. Revenue is recognised at the point in time when the contract is entered into, with payment received subsequently as outlined on the contract.

Prepaid card revenue relates to prepaid currency cards purchased online. This is similar in nature to the prepaid cards purchased at bureaux discussed under Retail below.

International banking services – Moneycorp Bank

Moneycorp Bank offers payment and foreign exchange services to businesses and individuals, prepaid cards and deposit account products. As such, revenue is similar in nature to International Payment Services detailed above.

Additionally, fee revenue is earned from providing cash consignment stock facilities.

International banking services – Financial Institutions Group (FIG)

The FIG business is the payments gateway to the Federal Reserve Bank of New York and provides money services by supplying and purchasing physical banknotes to/from businesses (including central banks). Revenue represents the commission charges on such services as well as any margin earned between the buying and selling price of foreign currency banknotes. There is only one performance obligation associated with FIG commission revenue which is recognised at the point in time when the currency is delivered to/collected from the client.

Retail

Retail income comprises the margin and commission earned on currencies as a result of the Group's operation of bureaux. Bureaux and ATMs at airports provide clients with the ability to buy foreign currency at a specified rate at that point in time either over the counter or through an ATM.

Notes to the financial statements continued

For the year ended 31 December 2021

5. SIGNIFICANT ACCOUNTING POLICIES continued

Revenue continued

Retail continued

A fixed fee is charged to clients who purchase lower amounts of currency. Payment of the fixed fee is due when the client purchases the foreign currency. Purchase of foreign currency has 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.

Retail clients are also able to buy currency and load it onto a card rather than have physical currency. Similar to bureau and ATM revenue, margin revenue is earned and recognised when the client buys the currency at an airport 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. 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.

Commission income is earned from providing VAT refund services, and from the sale of train tickets, at the bureaux within airport terminals. With regard to train tickets, the Group purchases these (and other minor items such as maps) in advance and holds them as part of inventory. Upon purchase by a client, payment is due immediately. Under IFRS 15 *Revenue from Contracts with Customers*, the Group continues to be treated as an agent as it does not hold the primary responsibility for fulfilling the promise to provide the train service to the client and as such revenue is presented on a net basis. The commission on both the VAT refund services and on the sale of tickets have only one performance obligation and is recognised at a point in time when the service or sale are provided.

Finance income and costs

Interest paid to lenders in relation to the Group's borrowings from related parties is recorded within finance costs. Additionally the Group classifies interest charged on its operating bank accounts, as well as other costs associated with the management of cash and cash equivalents and debt, such as interest on lease liabilities, as finance costs.

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

Leases

The Group leases various offices, retail stores including at airports, ATMs and vehicles. Lease terms are negotiated on an individual basis and can often contain a wide range of different terms and conditions. The Group assesses whether a contract is, or contains, a lease at inception of a contract. The Group 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 Group 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 consolidated income statement.

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 consolidated income statement 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 Group exercising that option; and
- Payments to be made under extension options when it is reasonably certain that the Group 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 Group, the lessee's incremental borrowing rate is used. This is determined to be the rate that the Group 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.

Notes to the financial statements continued

For the year ended 31 December 2021

5. SIGNIFICANT ACCOUNTING POLICIES continued

Leases continued

The Group 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 Group holds the head lease on the consolidated 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.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria outlined in the IFRS 16 *Amendment for COVID-19-Related Rent Concessions* and as such have not reassessed whether the rent concessions meet the definition of a lease modification.

Employee entitlements

Employee entitlements for salaries and wages, bonuses, annual leave and other similar benefits are recognised in the consolidated income statement 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 consolidated balance sheet.

Defined contribution pension schemes

The Group operates defined contribution schemes. The assets of the schemes are held separately from those of the Group in independently administered funds.

Obligations for contributions to the schemes are recognised as an expense in the consolidated income statement as they fall due. The liability for contributions owing by the Group to the funds at year end are disclosed in Note 28 and are included within trade and other payables on the consolidated balance sheet.

Government grants

Grants received from governments are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate. As permitted under IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, the Group presents government grants in the consolidated income statement as a deduction from the related expense within administrative expenses.

The subsequent repayment of any government grants is also recognised in line with the original receipts within administrative expenses.

Provisions

Provisions are recognised when it is probable that 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 as a result of 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 on the current year's taxable income, 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.

Notes to the financial statements continued

For the year ended 31 December 2021

5. SIGNIFICANT ACCOUNTING POLICIES continued

Taxation continued

Current tax

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 consolidated income statement as 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 Group's liability for current tax is calculated using the tax rates that are enacted, or substantively enacted, in the countries where the Company and its subsidiaries operate and generate taxable income at the balance sheet date.

Deferred tax

Deferred tax assets and liabilities are recognised where temporary differences arise between the carrying amounts of assets and liabilities in the consolidated 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.

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group 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 consolidated 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.

Related parties

Transactions between the wider Moneycorp Group (see Note 36 for definition of the wider Moneycorp Group), meet the definition of a related party transaction. Transactions between the Company and its subsidiaries also meet the definition of related party transactions. For the Group financial statements these are eliminated on consolidation (see Note 2 for further details).

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 Group directly or indirectly.

Transactions between the Group 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 35.

6. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

In the application of the Group'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.

Notes to the financial statements continued

For the year ended 31 December 2021

6. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY continued

Critical judgements in applying the Group'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 Group's accounting policies and that have the most significant impact on the amounts recognised in the consolidated 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 Group is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Group does not include detailed, case-specific disclosures in its consolidated 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, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar legal proceeding, 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.

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 Group. Management exercises judgement in determining which development costs meet the IAS 38 *Intangible Assets* criteria for capitalisation and lead to future economic benefits sufficient to recover the costs capitalised.

This includes estimates as to the amount of time spent directly on development of new software or significant improvement of the existing systems. The capitalised assets are amortised over the useful economic lives of these assets.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use and the fair value less cost to sell of the CGUs to which goodwill has been allocated. These calculations require the Group 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 13 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 Group 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 Group 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 Group when counterparty positions are in the money (from the perspective of the counterparty).

Counterparty credit risk adjustments on derivative financial assets are recorded in the consolidated income statement. To prevent an accounting mismatch, the Group has elected to recognise credit risk adjustments on derivative financial liabilities also in the consolidated income statement, rather than in other comprehensive income.

The key judgements for counterparty credit risk adjustments are the credit ratings which are assigned internally by the Group Credit Department to counterparties and the corresponding default rate assigned to each credit rating. Further judgements are made in regards to the default rate assigned to the Group which is applied to derivative financial liabilities in order to reflect the possibility of default by the Group. See Note 23 for further details.

Notes to the financial statements continued

For the year ended 31 December 2021

6. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY continued

Key sources of estimation uncertainty continued

Impairment of financial assets at amortised cost

Under IFRS 9, a forward-looking impairment model, based on expected credit losses (ECLs), applies to financial assets held at amortised cost. ECLs are probability-weighted estimates of credit losses. In calculating this ECL allowance, the Group considers information about past events and current conditions as well as supportable information about future events and economic conditions. In addition, for loans to which the three-stage general model of impairment is applied, judgement is required to determine which indicators represent a significant increase in credit risk and thereby trigger the recognition of a lifetime ECL allowance. 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 Group'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. The tax rules in the numerous jurisdictions in which the Group operate are also carefully taken into consideration.

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

Notes to the financial statements continued

For the year ended 31 December 2021

7. REVENUE

The Group derives revenue primarily from the provision of foreign exchange and payment services at a point in time in the following major revenue streams:

2021	International Payment Services £000	International Banking Services: FIG £000	International Banking Services: Moneycorp Bank £000	Retail £000	Total £000
Revenue earned from financial instruments:					
Net gain/(loss) on financial instruments held at fair value through profit or loss*	80,121	(108)	2,174	–	82,187
	80,121	(108)	2,174	–	82,187
Revenue from contracts with customers:					
Commission and margins	–	45,944	–	9	45,953
Option premium	8,330	–	–	–	8,330
Fees and charges	1,142	–	924	156	2,222
Prepaid cards	644	–	–	9	653
Margin on retail bureau foreign exchange	–	–	–	2,780	2,780
ATM revenue	–	–	–	1,171	1,171
	10,116	45,944	924	4,125	61,109
Other:					
Operating interest income	174	–	–	–	174
	174	–	–	–	174
Total revenue	90,411	45,836	3,098	4,125	143,470

* 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, forward and option contracts.

2020	International Payment Services £000	International Banking Services: FIG £000	International Banking Services: Moneycorp Bank £000	Retail £000	Total £000
Revenue earned from financial instruments:					
Net gain/(loss) on financial instruments held at fair value through profit or loss*	63,895	(17)	1,626	–	65,504
	63,895	(17)	1,626	–	65,504
Revenue from contracts with customers:					
Commission and margins	–	29,174	–	426	29,600
Option premium	7,034	–	–	–	7,034
Fees and charges	943	–	736	329	2,008
Prepaid cards	783	–	–	102	885
Margin on retail bureau foreign exchange	–	–	–	7,026	7,026
ATM revenue	–	–	–	3,798	3,798
	8,760	29,174	736	11,681	50,351
Other:					
Operating interest income	155	–	209	–	364
	155	–	209	–	364
Total revenue	72,810	29,157	2,571	11,681	116,219

Notes to the financial statements continued

For the year ended 31 December 2021

8. DIRECT AND OTHER ADMINISTRATIVE EXPENSES

Direct and other administrative expenses comprise the following:

	2021 £000	2020 £000
Direct expenses		
Cash-in-transit security costs	**18,015**	12,516
Commissions	**11,691**	7,764
Bank charges and transaction fees	**7,463**	5,622
Operating interest paid on client held funds	**202**	388
Net impairment (gain)/losses on financial assets (see Note 31)	**(2)**	488
Total direct expenses	**37,369**	26,778
Other administrative expenses		
Staff costs (see Note 8a)		
Wages and salaries	**38,079**	32,743
Social security costs	**2,814**	2,575
Pension costs (see Note 28)	**1,132**	1,106
Other personnel costs	**3,074**	2,832
	45,099	39,256
Depreciation, amortisation, impairment and loss on disposal		
Amortisation of intangible assets (see Note 13)	**7,463**	7,110
Impairment of intangible assets (see Note 13)	**1,080**	–
Loss on disposal of intangible assets	**509**	45
Depreciation of property, plant and equipment (see Note 14)	**1,154**	1,168
Loss on disposal of property, plant and equipment	**625**	46
Depreciation of right-of-use assets (see Note 15)	**1,861**	1,978
Impairment of right-of-use assets (see Note 15)	**273**	–
	12,965	10,347

	2021 £000	2020 £000
Other expenses		
IT support and maintenance	**5,394**	5,022
Legal and professional	**4,493**	2,678
Operating lease rentals	**3,391**	9,187
Irrecoverable value-added tax	**2,758**	3,439
Advertising and marketing	**2,257**	1,853
Property expenses	**1,618**	1,857
Communications	**1,369**	1,422
Insurance	**776**	879
Auditors' remuneration (see Note 8b)	**716**	751
Travel and entertainment	**690**	696
Other administrative costs	**657**	1,062
Group recharge of costs to discontinued operations	**–**	(394)
One-off costs (see Note 8c)	**5,064**	11,848
	29,183	40,300
Total other administrative expenses	**87,247**	89,903
Total direct and other administrative expenses	**124,616**	116,681

Notes to the financial statements continued

For the year ended 31 December 2021

8. ADMINISTRATIVE EXPENSES continued

8a. Staff costs

	2021 £000	2020 £000
The average monthly number of employees (including executive directors) was:		
Management and administration	**161**	141
Operations – International Payment and Banking Services	**338**	352
Operations – Retail	**58**	252
	557	745

	2021 £000	2020 £000
Their aggregate remuneration comprised:		
Wages and salaries	**38,079**	32,743
Social security costs	**2,814**	2,575
Other pension costs (see Note 28)	**1,132**	1,106
	42,025	36,424

The increase in staff costs during the year is primarily driven by the onboarding of senior talent as a result of the growth across the business. These costs outweigh the reduction driven by the declining retail operations which has resulted in an increase in staff costs despite the decline in headcount.

8b. Auditors' remuneration

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

	2021 £000	2020 £000
Fees paid to the Company's auditors and their associates		
Audit of the Company's annual financial statements	**19**	18
Audit of the Company's subsidiaries annual financial statements	**410**	319
Audit of the prior year Company's subsidiaries annual financial statements – incurred in the following year	**2**	57
Total audit fees to the Company's auditors	**431**	394
Other non-audit fees		
Other assurance services – client money	**49**	30
Agreed upon procedures – Payment Services Directive reporting	**3**	3
Non assurance engagement – expert reporting	**–**	45
Non assurance engagement – valuation	**16**	–
Fees in relation to the prior year other assurance services – client money	**–**	36
Total non-audit fees to the Company's auditors	**68**	114
Total fees to the Company's auditors	**499**	508
Audit fees to other auditors of subsidiary companies	**217**	243
Total fees to auditors	**716**	751

Fees paid in relation to the 2019 audit, including £93k paid in 2020 in relation to the prior year, were paid to PricewaterhouseCoopers who were the Company's auditor in 2019. Fees in relation to the current year and prior year engagements relate to BDO LLP who were appointed as the Group's auditors in 2020.

Notes to the financial statements continued

For the year ended 31 December 2021

8. ADMINISTRATIVE EXPENSES continued

8c. One-off costs

One-off costs can be categorised as follows:

	2021 £000	2020 £000
Strategic review	**2,150**	1,201
Loss resulting from external fraud (see Note 33)	**1,631**	–
Dual running costs	**1,182**	462
Staff costs (including redundancies for business closures)	**1,103**	1,419
Regulatory set up costs	**142**	175
Business acquisition or set-up, and integration, costs	**12**	810
Provisions and related legal fees	**(1,519)**	7,505
Other one off costs	**363**	276
	5,064	11,848

Included in the one off provisions and related legal fees in 2020 was £3,786k for an onerous contract in relation to the retail business. During 2021 £2,115k of this provision was released, which largely offsets with the onerous operating lease rentals associated with the contract recognised separately within administrative expenses.

8d. Government grants

During the year the Group received government grants of £533k from the UK Coronavirus Job Retention Scheme as part of the worldwide response to the COVID-19 pandemic. These were in relation to the Retail business in the UK which had suspended, or significantly reduced, operations for the majority of 2021. During the year the Group voluntarily repaid £539k of government grants received in 2020 in relation to non-retail businesses in the UK.

In 2020 government grants were received from the UK Coronavirus Job Retention Scheme, Hong Kong Employment Support Scheme and Australia Cash Flow Boost Scheme totalling £2,721k and again primarily related to the Retail business.

In line with the accounting policy in Note 5 these have been presented net within administrative expenses, specifically staff costs – wages and salaries. There were no unfulfilled conditions associated with these receipts outstanding at the balance sheet date, nor were there any other forms of government assistance received during the year.

9. OTHER INCOME

	2021 £000	2020 £000
Rental income	**75**	70
	75	70

10. FINANCE INCOME

	2021 £000	2020 £000
Bank interest	**–**	2
Net investment interest (see Note 15)	**72**	125
	72	127

Notes to the financial statements continued

For the year ended 31 December 2021

11. FINANCE COSTS

	2021 £000	2020 £000
Bank interest	**8**	125
Related party interest to parent company (see Note 27)	**7,503**	7,421
Lease liability interest (see Note 15)	**643**	751
	8,154	8,297

12. TAX CHARGE/CREDIT

	2021 £000	2020 £000
Corporation tax:		
Current year charge	**4,236**	2,422
Under/(over) provision in respect of prior years	**179**	(2,078)
	4,415	344
Deferred tax (see Note 24):		
Current year credit	**(1,304)**	(1,485)
Under provision in respect of prior years	**997**	606
Effect of change in corporation tax rate on deferred tax balances	**268**	(198)
Total tax charge/(credit) for the year	**4,376**	(733)

Corporation tax is calculated at 19.00% (2020: 19.00%) of the estimated taxable profit/loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. See Note 24 for details regarding amendments to the UK corporation tax rate after the balance sheet date.

The total tax charge for the year can be reconciled to the profit/loss in the consolidated income statement as follows:

	2021 £000	2020 £000
Profit/(loss) before tax on continuing operations	**8,942**	(6,879)
Tax at the UK corporation tax rate of 19.00% (2020: 19.00%)	**1,699**	(1,307)
Tax effect of expenses that are not deductible	**654**	1,183
Tax effect of non-deductible finance expenses	**–**	1,130
Tax losses where no deferred tax is recognised	**272**	104
Utilisation of previously recognised tax losses	**–**	(74)
Under/(over) provision in respect of prior years	**1,176**	(1,472)
Effect of change in corporation tax rate on deferred tax balances	**268**	(198)
Tax effect of capital allowances	**(221)**	–
Effect of entities operating in other jurisdictions with different tax rates	**15**	(99)
Group relief given	**513**	–
Total tax charge/(credit) for the year	**4,376**	(733)

Notes to the financial statements continued

For the year ended 31 December 2021

13. GOODWILL AND OTHER INTANGIBLE ASSETS

	Goodwill £000	Customer relationships £000	Computer software £000	Total £000
At 1 January 2020				
Cost	82,507	22,269	25,520	130,296
Accumulated depreciation and impairment	–	(5,309)	(13,442)	(18,751)
Carrying amount	82,507	16,960	12,078	111,545
Year ended 31 December 2020				
Opening carrying amount	82,507	16,960	12,078	111,545
Additions	–	–	6,321	6,321
Net disposals	–	–	(45)	(45)
Amortisation charge	–	(2,423)	(4,687)	(7,110)
Exchange difference	(857)	(322)	(11)	(1,190)
Impairment charge	–	–	–	–
Closing carrying amount	81,650	14,215	13,656	109,521
At 31 December 2020				
Cost	81,650	21,768	31,773	135,191
Accumulated amortisation and impairment	–	(7,553)	(18,117)	(25,670)
Carrying amount	81,650	14,215	13,656	109,521

	Goodwill £000	Customer relationships £000	Computer software £000	Total £000
Year ended 31 December 2021				
Opening carrying amount	**81,650**	**14,215**	**13,656**	**109,521**
Additions	**–**	**–**	**6,597**	**6,597**
Net disposals	**(64)**	**(90)**	**(509)**	**(663)**
Amortisation charge	**–**	**(2,295)**	**(5,168)**	**(7,463)**
Exchange difference	**94**	**90**	**(5)**	**179**
Impairment charge	**(1,080)**	**–**	**–**	**(1,080)**
Closing carrying amount	**80,600**	**11,920**	**14,571**	**107,091**
At 31 December 2021				
Cost	**80,600**	**21,321**	**37,851**	**139,772**
Accumulated amortisation and impairment	**–**	**(9,401)**	**(23,280)**	**(32,681)**
Carrying amount	**80,600**	**11,920**	**14,571**	**107,091**

The Computer software carrying amount of £14,571k (2020: £13,656k) primarily comprises of internally generated software.

Notes to the financial statements continued

For the year ended 31 December 2021

13. GOODWILL AND OTHER INTANGIBLE ASSETS continued

Cash generating units

Driven by the Group strategy to build out its banking capabilities through Moneycorp Bank Limited, there has been a change in the internal structure of operations and internal reporting of the Group (making it easier to separately identify cash flows). As a result there has been a change in the CGUs identified for impairment testing compared to the prior year.

For the year ended 31 December 2021, Management has identified that there are eight CGUs:

- *1-4:* International Payment Services (IPS): This business provides a range of products including international payments, spot trades, hedging and derivative solutions to corporate and private clients. The IP business is split into four CGUs based on geographic regions being the UK, Europe (EU), North America (NA) and Brazil.
- *5:* Advisory: The business specialising in independent treasury advisory services based in Australia. This CGU was established following the acquisition of Rochford Capital Pty Limited in 2019 and has been disposed of in 2021.
- *6:* FIG: Provides money services to a range of commercial and central banks by supplying physical foreign currency banknotes that can be delivered internationally.
- *7:* Retail: This business provide clients with the ability to buy foreign currency either over the counter at airport bureaux or in London stores, or through an ATM.
- *8:* Moneycorp Bank: This business provides a range of both payment services and FIG products to clients.

In the prior year there were only seven CGUs: IPS – UK, IPS – EU, IPS – North America, IPS – Brazil, Advisory, FIG and Retail with Moneycorp Bank forming part of the IPS – UK CGU.

Allocation of goodwill to CGUs

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

	2021 £000	2020 £000
International Payment Services – the UK	**50,489**	50,489
International Payment Services – EU	**6,991**	6,989
International Payment Services – North America	**22,377**	22,161
International Payment Services – Brazil	**743**	789
Advisory	**–**	1,222
Total goodwill	**80,600**	81,650

Goodwill and intangible assets impairment review

During 2021, an impairment charge of £1,080k was recorded against the Advisory CGU goodwill prior to the disposal of Rochford Capital Pty Limited (see Note 18 for further details regarding the sale). All the remaining intangible assets of the Advisory CGU were sold.

For the retail CGU, no impairment assessment has been performed as intangible assets were fully impaired in 2019. There is no goodwill or intangible assets in the Moneycorp Bank CGU.

The recoverable amounts for the remaining CGUs identified above were 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 valuations of the CGUs are based on the FVLCS methodology, with cross checks performed against the VIU valuation.

Notes to the financial statements continued

For the year ended 31 December 2021

13. GOODWILL AND OTHER INTANGIBLE ASSETS continued

Goodwill and intangible assets impairment review continued

FVLCS

FVLCS is calculated using 2021 results and applying a conservative multiple which reflects the stage of business, product lines and industry in which the CGUs operate. The multiples used were:

- EBITDA multiples: used to value established businesses with historical and steady growth; and
- Revenue multiples: used for high growth businesses without historical profits or profits not reflecting the current structure of the business.

Key assumptions	IPS UK	IPS EU	IPS NA	IPS Brazil	FIG
Goodwill and other intangible assets	66,073	6,991	33,222	779	26
Multiple methodology	EBITDA	EBITDA	EBITDA	EBITDA	EBITDA
Multiple applied	16.0	16.0	16.0	16.0	16.0

The multiples applied were 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 CGUs.

Sensitivity analysis

For each CGU, a calculation was made for the level which would result in the carrying amount being equal to the recoverable amount as set out below:

Key assumptions	IPS UK	IPS EU	IPS NA	IPS Brazil	FIG
Multiple methodology	EBITDA	EBITDA	EBITDA	EBITDA	EBITDA
Multiple in which the recoverable amount is equal to the carrying amount	7.5	2.8	11.2	1.4	0.1

Based on the FVLCS assessment and VIU cross check, Management believe there is sufficient headroom for the year ended 31 December 2021 for each of the CGUs. This conclusion is supported by the sensitivity analysis, as the comparable multiples applied in the FVLCS assessment would need to decrease to those shown above before the carrying amount would be equal to the recoverable amount.

2020 Goodwill and intangible assets impairment review

For the 2020 impairment review, IPS-UK (including Moneycorp Bank, which has been split into a separate CGU in 2021), IPS – Europe, IPS – North America, IPS – Brazil, FIG and Advisory CGUs were assessed for impairment.

The key assumptions and metrics for the impairment review included the following. For these CGU's it was concluded that there was no impairment to recognise.

Key assumptions £000	IPS UK	IPS EU	IPS NA	IPS Brazil	FIG	Advisory
Goodwill and other intangible assets	65,670	6,991	34,679	822	34	1,325
Multiple methodology	EBITDA	EBITDA	EBITDA	Revenue	Revenue	Revenue
Multiple applied	16.0	16.0	16.0	3.5	8.0	3.5

Sensitivity analysis	IPS UK	IPS EU	IPS NA	IPS Brazil	FIG	Advisory
Multiple methodology	EBITDA	EBITDA	EBITDA	Revenue	Revenue	Revenue
Multiple applied	7.6	3.3	10.7	0.2	0.1	1.3

Notes to the financial statements continued

For the year ended 31 December 2021

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
At 1 January 2020					
Cost	1,487	56	12,292	10,244	24,079
Accumulated depreciation and impairment	(1,079)	(42)	(8,961)	(9,209)	(19,291)
Carrying amount	408	14	3,331	1,035	4,788
Year ended 31 December 2020					
Opening carrying amount	408	14	3,331	1,035	4,788
Additions	35	13	75	562	685
Net disposals	–	–	(76)	(22)	(98)
Depreciation charge	(37)	(8)	(699)	(442)	(1,186)
Exchange differences	(7)	(3)	(38)	(16)	(64)
Closing carrying amount	399	16	2,593	1,117	4,125
At 31 December 2020					
Cost	1,511	39	10,705	10,524	22,779
Accumulated depreciation and impairment	(1,112)	(23)	(8,112)	(9,407)	(18,654)
Carrying amount	399	16	2,593	1,117	4,125

	Leasehold properties £000	Motor vehicles £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Year ended 31 December 2021					
Opening carrying amount	**399**	**16**	**2,593**	**1,117**	**4,125**
Additions	**–**	**16**	**147**	**153**	**316**
Net disposals	**(28)**	**–**	**(577)**	**(28)**	**(633)**
Depreciation charge	**(31)**	**(8)**	**(673)**	**(442)**	**(1,154)**
Exchange differences	**1**	**–**	**(1)**	**–**	**–**
Closing carrying amount	**341**	**24**	**1,489**	**800**	**2,654**
At 31 December 2021					
Cost	**1,423**	**53**	**8,264**	**10,514**	**20,254**
Accumulated depreciation and impairment	**(1,082)**	**(29)**	**(6,775)**	**(9,714)**	**(17,600)**
Carrying amount	**341**	**24**	**1,489**	**800**	**2,654**

Depreciation charge for the year of £1,154k can be allocated as £1,154k to continuing operations and nil to discontinued operations (2020: £1,186k allocated as £1,168k and £18k respectively).

Notes to the financial statements continued

For the year ended 31 December 2021

15. LEASES

15a. Amount recognised on the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

Right-of-use assets

	Buildings £000	ATMs £000	Motor vehicles £000	Total £000
At 1 January 2020				
Cost	11,907	881	45	12,833
Accumulated depreciation	(1,781)	(799)	(14)	(2,594)
Carrying amount	10,126	82	31	10,239
Year ended 31 December 2020				
Opening carrying amount	10,126	82	31	10,239
Additions	186	–	–	186
Depreciation charge	(1,898)	(73)	(7)	(1,978)
Exchange difference	(42)	–	–	(42)
Closing carrying amount	8,372	9	24	8,405
At 31 December 2020				
Cost	11,879	176	48	12,103
Accumulated depreciation	(3,507)	(167)	(24)	(3,698)
Carrying amount	8,372	9	24	8,405

	Buildings £000	ATMs £000	Motor vehicles £000	Total £000
Year ended 31 December 2021				
Opening carrying amount	**8,372**	**9**	**24**	**8,405**
Additions	**1,002**	**–**	**–**	**1,002**
Net disposals	**(165)**	**–**	**(19)**	**(184)**
Net transfer from net investment receivable	**1,221**	**–**	**–**	**1,221**
Depreciation charge	**(1,847)**	**(9)**	**(5)**	**(1,861)**
Impairment charge	**(273)**	**–**	**–**	**(273)**
Exchange difference	**(36)**	**–**	**–**	**(36)**
Closing carrying amount	**8,274**	**–**	**–**	**8,274**
At 31 December 2021				
Cost	**13,282**	**–**	**–**	**13,282**
Accumulated depreciation and impairment	**(5,008)**	**–**	**–**	**(5,008)**
Carrying amount	**8,274**	**–**	**–**	**8,274**

Notes to the financial statements continued

For the year ended 31 December 2021

15. LEASES continued

15a. Amount recognised on the consolidated balance sheet continued

Net investment receivable

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

	2021 £000	2020 £000
Non-current	**573**	1,868
Current	**207**	287
	780	2,155

Lease liabilities

	2021 £000	2020 £000
Non-current	**8,605**	10,144
Current	**2,199**	2,100
	10,804	12,244
Movement in lease liabilities		
Carrying amount at the beginning of the year	**12,244**	14,266
Additions	**990**	186
Disposals	**(184)**	–
Interest accreted	**645**	755
Payments	**(2,861)**	(2,931)
Foreign exchange adjustments	**(30)**	(32)
Carrying amount at the end of the year	**10,804**	12,244

Interest accreted during the year of £645k can be allocated as £643k as continuing operations and £2k to discontinued operations (2020: £755k allocated as £751k and £4k respectively).

15b. Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases (split across continuing and discontinued operations):

	2021 £000	2020 £000
Recognised in administrative expenses:		
Depreciation charge on right-of-use assets	**(1,861)**	(1,978)
Expense relating to short-term leases	**(255)**	(507)
Expense relating to airport concession contracts	**(3,161)**	(8,744)
COVID-19 related rental concessions	**–**	12
	(5,277)	(11,217)
Recognised in finance income:		
Net investment interest income	**72**	125
	72	125
Recognised in finance costs:		
Lease liability interest expense	**(645)**	(755)
	(645)	(755)

Notes to the financial statements continued

For the year ended 31 December 2021

16. SUBSIDIARIES

The Group consists of a parent company, Moneycorp Group Limited, incorporated in Jersey and a number of subsidiaries held directly and indirectly by Moneycorp Group Limited, which operate and are incorporated in various locations globally.

Details of the Company's direct subsidiary companies as at 31 December are detailed below. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of incorporation (or registration)	Principal activity	Proportion of ownership interest and voting power held 2021	2020
TTT Moneycorp Limited	UK	Payment services	**100%**	100%
Moneycorp Financial Risk Management Limited	UK	MiFID regulated derivatives	**100%**	100%
Moneycorp Technologies Limited	UK	Technology	**100%**	100%
Moneycorp CFX Limited	UK	Foreign exchange provider	**100%**	100%
Moneycorp Shared Services Limited	UK	Service company	**100%**	100%
Moneycorp Inc	USA	Investment holding	**100%**	100%
Moneycorp Bank Limited	Gibraltar	Banking services	**100%**	100%
Moneycorp Technologies Limited	Ireland	MiFID regulated derivatives and payment services	**100%**	100%
Moneycorp International Payments Canada, Inc	Canada	Introducing broker	**100%**	100%

The Company is also the intermediate parent entity of the following subsidiaries as at 31 December 2021, which form part of the Group consolidated financial statements.

Name of entity	Place of incorporation (or registration)	Principal activity	Proportion of ownership interest and voting power held 2021	2020
Moneycorp SLU	Spain	Dormant	**100%**	100%
Moneycorp US, Inc	USA	Payment services	**100%**	100%
TTT Moneycorp Pty Limited	Australia	Dormant*	**100%**	100%
Rochford Capital Pty Limited	Australia	Advisory services**	**–**	100%
Moneycorp Brasil Participacoes Ltda	Brazil	Investment holding	**100%**	100%
Novo Mundo Holding Financeira S/A	Brazil	Investment holding	**92.3%**	92.3%
Moneycorp Banco de Câmbio S.A.	Brazil	Foreign exchange provider	**92.3%**	92.3%
Moneycorp (Hong Kong) Limited	Hong Kong	Foreign exchange provider	**100%**	100%
First Rate FX Limited	UK	Dormant	**100%**	100%

* TTT Moneycorp Pty Limited previously had a principal activity of foreign exchange provider however following the strategic decision to cease operations during the year this company is now dormant.

** During the year, the Group has disposed of its entire shareholdings in Rochford Capital Pty Limited.

There are no significant restrictions on the ability of the Group to access or use assets and settle liabilities other than restricted cash as detailed in Note 21.

Notes to the financial statements continued

For the year ended 31 December 2021

17. ACQUISITIONS AND INCORPORATION OF SUBSIDIARIES

There have been no acquisitions or incorporation of new subsidiaries in 2021. The below pertains to 2020 only.

17a. Moneycorp International Payments Canada, Inc

Moneycorp International Payments Canada, Inc was incorporated on 28 August 2020 as a subsidiary company of Moneycorp Group Limited. The company offers international payment and foreign exchange products to both corporate and private clients in Canada, leveraging off the pre-established Moneycorp US platform.

17b. Further acquisition of Novo Mundo Holding Financeira S/A

On 26 August 2020 Moneycorp Brasil Participacoes Ltda. injected a further R$3,050k (£413k) of capital into Novo Mundo Holding Financeira S/A (the holding company which owns 100% of the shares Moneycorp Banco de Câmbio S.A.). No proportionate contribution was made by the non-controlling interest and as a result the Group's majority shareholding increased from 90% to 92.3%.

18. DISPOSAL OF SUBSIDIARY

During the year the Directors undertook a Business review, including the strategic fit of the Australian based subsidiary companies (both Rochford Capital Pty Ltd (Rochford) and TTT Moneycorp Pty Ltd) and whether they were in line with overall 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.

Sale of Rochford Capital Pty Limited and the subsequent discontinuation of TTT Moneycorp Pty Limited

On 2 September 2021 TTT Moneycorp Pty Ltd signed a Share Sale Agreement to sell 100% of the issued share capital of Rochford Capital Pty Ltd (Rochford), an Australian-based advisory company. The sale aligns with the Group's strategy of focusing on core markets and business segments. Completion of the sale was finalised on 9 September 2021 with an effective sale date of 31 July 2021. TTT Moneycorp Pty Ltd ceased trading in December 2021 and is currently in the process of being wound down.

The operations of Rochford and TTT Moneycorp Pty Ltd combined have been reclassified into a single line and shown as discontinued operations from 1 January 2020 through to 31 December 2021 in the statement of comprehensive income.

To calculate continuing and discontinuing operations, inter-group eliminations have been allocated to be consistent with the way the transactions are accounted for between the businesses after the sale.

18a. Financial performance

The financial performance of the discontinued operations is presented below:

	2021	2020
Revenue	**1,186**	1,662
Administrative expenses (see Note 18b)	**(788)**	(1,660)
Net foreign exchange (losses)/gain	**(15)**	8
Operating profit	**383**	10
Finance costs	**(8)**	(4)
Profit before tax	**375**	6
Tax charge	**(157)**	(8)
Profit/(loss) from discontinued operations	**218**	(2)
Exchange difference on translation of discontinued operations	**85**	11
Other comprehensive income from discontinued operations	**85**	11

Notes to the financial statements continued

For the year ended 31 December 2021

18. DISPOSAL OF SUBSIDIARY continued

18b. Staff costs

Included within administrative expenses is £420k (2020: £779k) related to staff costs.

The average number of employees was:

	2021 Number*	2020 Number
Operations	**4**	9
	4	9

* The above headcount for 2021 has been pro-rated across the full financial year. Operations ceased for the advisory business from 31 July 2021.The average monthly headcount for 1 January to 31 July 2021 was 8.

Their aggregate remuneration comprised:

	2021 £000	2020 £000
Wages and salaries	**385**	717
Social security costs	**35**	62
	420	779

18c. Loss on sale

The sale of Rochford was completed in Australian dollars for a total net cash consideration paid of AU$78k (£41k). Additionally the Share Sale Agreement includes a deferred consideration payable to the Group, whereby the Group is entitled to receive a share of EBITDA over the subsequent four years, contingent on profitability of the business. This has not been included in the net proceeds below given the uncertainty surrounding the future receipts. Details of the net assets sold and loss on sale are as follows:

	£000
Net cash proceeds paid	
Initial cash consideration received	6
Adjustment amount cash paid	(47)
	(41)
Initial carrying value of net assets for sale	1,050
Less goodwill impairment	(1,080)
Carrying value of net assets/(liabilities) sold	(30)
Loss on sale before income tax and reclassification of foreign currency translation reserve	(11)
Reclassification of foreign currency translation reserve	11
Total loss on sale	**–**

Notes to the financial statements continued

For the year ended 31 December 2021

19. INVENTORIES

	2021 £000	2020 £000
Maps, phone cards and train ticket	–	46
	–	46

No costs during the year (2020: £419k) were included within cost of sales and presented net against revenue in the consolidated income statement in line with the accounting policy in Note 5.

20. FINANCIAL ASSETS AND LIABILITIES

Categories of financial instruments	2021 £000	2020 £000
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	**774,658**	634,043
Trade and other receivables	**98,577**	75,506
Net investment receivable	**780**	2,155
Financial assets at fair value through profit or loss		
Derivative financial instruments held for trading	**58,297**	78,310
	932,312	790,014
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	**(792,856)**	(658,018)
Borrowings	**(127,341)**	(99,391)
Lease liabilities	**(10,804)**	(12,244)
Financial liabilities at fair value through profit or loss		
Derivative financial instruments held for trading	**(45,084)**	(70,581)
	(976,085)	(840,234)

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

21. CASH AND CASH EQUIVALENTS

	2021 £000	2020 £000
Group cash and bank balances	**73,491**	27,082
Physical banknotes	**73,091**	19,830
Banknotes held by third parties on consignment	**5,224**	2,172
Cash held at retail outlets (including ATMs)	**3,043**	815
Funds held in designated client bank accounts	**619,809**	584,144
	774,658	634,043

Physical banknotes includes banknotes held within secure vault facilities and as cash in transit/allocated to client orders. Cash in transit/allocated to client orders can either increase or decrease the Group's cash position depending on the transactions outstanding and whether the cash has physically left/been received in, the vault or not. The contra side is recorded in banknote trade receivables or banknote trade payables. At the balance sheet date £14,697k was held within vault facilities and £58,394k as cash in transit/allocated to client orders (2020: £15,139k and £4,691k respectively).

Banknotes held by third parties on consignment relates to banknotes physically held at third party premises as consignment stock which legally remains the property of the Group at the balance sheet date.

Included in the Group cash and bank balances is £29,036k in relation to FIG client pre-funding (2020: £148k).

Reconciliation to the consolidated cash flow statement

Bank overdrafts form an integral part of the Group's cash management. As such, bank overdrafts are included as a component of cash and cash equivalents for the purposes of the consolidated cash flow statement.

Notes to the financial statements continued

For the year ended 31 December 2021

21. CASH AND CASH EQUIVALENTS continued

Reconciliation to the consolidated cash flow statement continued

The cash and cash equivalent figures above reconcile to the amount of cash shown in the consolidated cash flow statement at the end of the financial year as following:

	2021 £000	2020 £000
Cash and cash equivalents (balance as above)	**774,658**	634,043
Bank overdrafts (see Note 27)	**(23,363)**	(3,199)
	751,295	630,844

Restricted cash

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

Client restricted cash

Client restricted cash relates to client funds held within the Group with external banks which are regulated by the different jurisdiction's regulators (see Note 32). There are four main differentiators between these funds:

- Those which fall into scope of the Markets in Financial Instruments Regulations (the MiFID Regulations), related to options and in-scope forwards, which are subject to the Client Asset Regulations (CAR) or Client Assets Sourcebook (CASS);
- Those governed by European Communities (Electronic Money) Regulations (EMI) or Payment Services Directive (PSD) in relation to spot and forward contracts;
- Those held by Moneycorp Bank Limited under its banking licence, which includes those placed in notice deposit accounts with the company, which are regulated by the Gibraltar Financial Services Commission (GFSC); and
- Those held by Moneycorp Banco de Câmbio S.A. under its banking licence which are regulated by the Central Bank of Brazil.

Any collateral held in relation to options and in-scope forwards, which are subject to the CAR/CASS, are held in segregated client bank accounts which are off balance sheet and not included in the cash and cash equivalents balance above.

For client funds held under EMI/PSD regulations, the subsidiaries are required to keep these in client safeguarding accounts and 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 general use by the Group.

Funds held by Moneycorp Bank Limited are maintained in either client designated accounts or in physical notes.

Moneycorp Banco de Câmbio S.A. does not generally hold client cash balances, although balances do arise for a short period of time in relation to the settlement of client foreign exchange deals. If funds are received unrelated to a client deal, these funds are required to be returned to the sender.

Group restricted cash

Group restricted cash relates to funds which are held with external banks which are restricted by additional jurisdiction regulations. These specifically extend to share capital and liquidity restrictions.

22. TRADE AND OTHER RECEIVABLES

	2021 £000	2020 £000
Amounts falling due within one year:		
Banknote trade receivables	**54,029**	31,270
Trade receivables	**2,425**	6,194
Loss allowance (see Note 31)	**(1,598)**	(1,671)
	54,856	35,793
Related party receivables owed by immediate parent company	**38,304**	35,165
Related party receivables owed by other Moneycorp holding companies	**4,829**	3,613
Other debtors	**588**	935
	98,577	75,506

The Group both buys and sells banknotes from/to its suppliers depending on the orders placed by clients. Banknote trade receivables relate to unpaid client and supplier orders for physical banknotes which are settled either electronically or via the collection of physical banknotes soon after the balance sheet date.

Notes to the financial statements continued

For the year ended 31 December 2021

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

The Group carries out an internal credit assessment of each counterparty prior to entering into a trading relationship, performed by the Group Credit Department. The grading scale that the Group 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 Group has not carried out an exercise in allocating a credit rating using credit rating agencies, both an expected credit grading and default rate have been estimated based on management experience and judgement. These estimates are used to adjust the derivative asset value in order to take into account the credit risk of the counterparty.

For certain clients, the Group requires collateral to be posted when their positions are out of the money above a certain tolerance level. Where the Group 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 Group 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 Group, and then applying a corresponding default rate to that grading using credit rating agencies as a guide.

Unadjusted MTM valuations (excluding CVA and DVA)	2021 £000	2020 £000
Financial assets		
Foreign currency forward contracts	**45,239**	66,516
Foreign currency option contracts	**13,587**	14,026
Total financial assets	**58,826**	80,542
Financial liabilities		
Foreign currency forward contracts	**(32,653)**	(58,754)
Foreign currency option contracts	**(13,587)**	(14,026)
Total financial liabilities	**(46,240)**	(72,780)

Adjusted fair value (as presented on the consolidated balance sheet)	2021 £000	2020 £000
Financial assets		
Foreign currency forward contracts	**44,830**	64,351
Foreign currency option contracts	**13,467**	13,959
Total financial assets	**58,297**	78,310
Financial liabilities		
Foreign currency forward contracts	**(31,836)**	(56,905)
Foreign currency option contracts	**(13,248)**	(13,676)
Total financial liabilities	**(45,084)**	(70,581)

Notes to the financial statements continued

For the year ended 31 December 2021

23. DERIVATIVE FINANCIAL INSTRUMENTS continued

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

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

- Underlying value of the currency;
- Strike price;
- Time to expiration;
- Volatility of underlying asset; and
- Risk free rate.

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

	2021			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Foreign currency forward contracts	–	44,830	–	44,830
Foreign currency option contracts	–	13,467	–	13,467
Total financial assets	–	58,297	–	58,297
Financial liabilities				
Foreign currency forward contracts	–	(31,836)	–	(31,836)
Foreign currency option contracts	–	(13,248)	–	(13,248)
Total financial liabilities	–	(45,084)	–	(45,084)

	2020			
	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Foreign currency forward contracts	–	64,351	–	64,351
Foreign currency option contracts	–	13,959	–	13,959
Total financial assets	–	78,310	–	78,310
Financial liabilities				
Foreign currency forward contracts	–	(56,905)	–	(56,905)
Foreign currency option contracts	–	(13,676)	–	(13,676)
Total financial liabilities	–	(70,581)	–	(70,581)

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

Notes to the financial statements continued

For the year ended 31 December 2021

24. DEFERRED TAX

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

	2021 £000	2020 £000
Balance at the beginning of the year	**(1,558)**	(2,839)
Deferred tax asset recognised from acquisitions during the year	**–**	116
Deferred tax asset derecognised on disposals during the year	**(72)**	–
Credit to the consolidated income statement	**1,206**	1,485
Over provision in respect of prior years	**(997)**	(606)
Exchange differences	**(39)**	88
Effect of change in tax rate charge	**(268)**	198
Balance at the end of the year	**(1,728)**	(1,558)

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

	2021 £000	2020 £000
Deferred tax liabilities:		
Tax credits carried forward	**(36)**	–
Customer relationships timing differences	**(3,137)**	(3,762)
Revaluation of financial assets	**(60)**	(70)
	(3,233)	(3,832)
Deferred tax assets:		
Fixed asset timing differences	**211**	1,852
Revaluation of financial assets	**3**	7
Short-term timing differences	**1,291**	145
Tax losses carried forward	**–**	270
	1,505	2,274
Net deferred tax liability	**(1,728)**	(1,558)

At the balance sheet date, the Group has unused tax losses from its Brazilian subsidiary Moneycorp Banco de Câmbio S.A. of nil (2020: £270k) available for offset against future profits, which have been recognised on the consolidated balance sheet. The deferred tax asset is expected to be recovered more than 12 months after the reporting period.

Unrecognised deferred tax includes £1,110k of losses from Moneycorp Brasil Participacoes Ltda (2020: £868k) and nil from Novo Mundo Holding Financeira S/A (2020: £311k), both Brazilian holding companies. These losses have arisen from non-trading activities and the Group does not expect to generate non-trading profits in the future against which these losses could be offset.

Notes to the financial statements continued

For the year ended 31 December 2021

24. DEFERRED TAX continued

Furthermore the Group has unrecognised deferred tax losses carried forward of £1,796k (2020: £657k) in relation to Moneycorp (Hong Kong) Limited. These have been unrecognised due to unpredictability of future profit stream from Hong Kong.

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

25. TRADE AND OTHER PAYABLES

	2021 £000	2020 £000
Amounts falling due within one year:		
Client held funds	**629,654**	594,640
Banknote trade payables	**131,106**	35,848
Accruals	**15,057**	12,322
Related party payables owed to other Moneycorp holding companies	**4,316**	4,442
Trade payables	**3,855**	5,552
Other payables	**6,135**	2,789
Employee related payables	**2,733**	2,425
Deferred revenue	**–**	64
	792,856	658,082

Banknote trade payables represent the Group's obligation to clients (including central banks) and suppliers in regards to banknotes ordered but not yet delivered, or purchased and not yet paid for, at the balance sheet date.

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 Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

26. PROVISIONS

	2021 £000	2020 £000
Onerous contracts	**2,013**	3,786
Redundancy provision	**37**	–
Make good dilapidation provision	**32**	–
Legal claims	**–**	500
	2,082	4,286
Movement in provisions		
Carrying amount at the start of the year	**4,286**	2,683
Charged to the consolidated income statement	**511**	5,929
Amounts used during the year	**(2,715)**	(4,326)
Carrying amount at the end of the year	**2,082**	4,286

Information about individual provisions and significant estimates

Retail closure provisions

In August 2017, Moneycorp CFX Limited, a subsidiary of the Group, entered into a retail concession agreement with London Gatwick Airport Limited to provide retail bureau and ATM foreign exchange services at the airport. In 2020 the Directors began executing the strategic decision to exit retail operations. Exacerbated as a result of the COVID-19 pandemic, actual and forecasted revenue from the operations are less than the unavoidable operating costs therefore management have deemed the contract to be onerous. A provision has been recognised which represents the excess of the unavoidable costs of meeting the obligations under the contract over the economic benefits expected to be received from it. Additionally the Group has recognised dilapidation and redundancy provisions associated with exiting the retail operations. The major assumptions underlying the measurement of the provision include the Group's estimate of future revenue and unavoidable cost to fulfil the contract to its earliest termination date.

IT software contract termination

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

Notes to the financial statements continued

For the year ended 31 December 2021

27. BORROWINGS

	2021 £000	2020 £000
Non-current		
Related party loans	**103,978**	96,192
Total non-current	**103,978**	96,192
Current		
Group overdrawn bank accounts	**17,394**	173
Client overdrawn deposit accounts	**5,969**	3,026
Total current	**23,363**	3,199
Total borrowings	**127,341**	99,391

Related party loan

During 2018 the Group borrowed US$47,351k (GBP equivalent £34,227k) from the Company's parent, Moneta Bidco Limited, in order to fund the acquisition of Commonwealth Foreign Exchange, Inc (now 'Moneycorp US Inc). At the balance sheet date the balance owing was £42,782k (2020: £40,797k). The related party loan matures on 29 August 2023 and carries an interest rate of 4.75% plus LIBOR.

The Company also has a loan owning to its parent company, Moneta Bidco Limited, at year end that matures on 29 August 2024. Upon maturity the Company will owe the contractual par amount of £79,809k, which was discounted at inception to fair value. The difference of £50,327k between the contractual par amount and the inception date fair value was recognised as a capital contribution reserve in equity when the loan was first received. Interest is accreted at an effective interest rate of 10% per annum. This rate has been determined based on other comparable unsecured borrowings held by the Moneycorp Group. At the balance sheet date the balance owing was £61,196k (2020: £55,395k).

Client overdrawn deposit accounts

The Group 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 there are multiple accounts per currency which cannot always be transferred on the same day value. Refer to Note 21 for further details.

28. DEFINED CONTRIBUTION PENSION SCHEMES

The Group has defined contribution pension schemes 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 2021 the Group had a liability of approximately £182k (31 December 2020: £147k), included in trade and other payables, specifically employee related payables, related to the pension schemes. During the year the Group made nil contributions to the schemes on behalf of key management personnel (2020: £18k).

29. EQUITY

29a. Share capital

	2021 £000	2020 £000
Authorised:		
103,009,000 (2020: 103,009,000) ordinary shares of £1 each	**103,009**	103,009
Issued and fully paid:		
46,105,336 (2020: 46,105,336) ordinary shares of £1 each	**46,105**	46,105

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

29b. Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to subsidiaries only, from their functional currency into the Group's presentation currency, are recognised directly in the translation reserve.

£11k was transferred from the translation reserve into the consolidated income statement during the year (2020: nil).

Notes to the financial statements continued

For the year ended 31 December 2021

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

30a. Net cash generated from operations

	2021 £000	2020 £000
Operating profit from:		
– Continuing operations	17,024	1,291
– Discontinued operations (Note 18)	383	10
Total operating profit	17,407	1,301
Adjustment for non-cash items:		
Amortisation of intangible assets	7,463	7,110
Depreciation of property, plant and equipment	1,154	1,186
Depreciation of right-of-use assets	1,861	1,978
Loss on disposal of property, plant and equipment	625	46
Loss on disposal of intangible assets	509	45
Impairment of intangible assets	1,080	–
Impairment of right-of-use assets	273	–
Net exchange differences	9,726	(495)
Operating profit before changes in working capital	40,098	11,171
Movements in working capital:		
Decrease in inventories	46	241
(Increase)/decrease in trade and other receivables	(23,194)	3,061
Decrease/(increase) in prepayments	141	(166)
Decrease in derivative financial instrument assets	20,013	6,019
Increase in trade and other payables	134,260	113,385
(Decrease)/increase in provisions	(2,204)	1,603
Decrease in derivative financial instrument liabilities	(25,497)	(2,675)
Net cash generated from operations	143,663	132,639

30b. Net cash/(debt) reconciliation

	Net cash (excluding client cash) £000	Liabilities from financing activities: Lease liabilities £000	Borrowings £000	Total £000
Opening balance at 1 January 2020	55,957	(14,266)	(90,081)	(48,390)
Cash flows	(5,849)	2,931	–	(2,918)
Acquisitions – leases liabilities	–	(186)	–	(186)
Foreign exchange adjustments	(382)	32	1,310	960
Other changes*	–	(755)	(7,421)	(8,176)
Net debt as at 31 December 2020	49,726	(12,244)	(96,192)	(58,710)
Opening balance at 1 January 2021	49,726	(12,244)	(96,192)	(58,710)
Cash flows	88,250	2,861	146	91,257
Acquisitions – leases liabilities	–	(990)	–	(990)
Foreign exchange adjustments	(521)	30	(429)	(920)
Other changes*	–	(461)	(7,503)	(7,964)
Net cash as at 31 December 2021	137,455	(10,804)	(103,978)	22,673

* Other changes include non-cash movements, interest accrued on borrowing balances and interest payments which are presented as operating cash flows in the consolidated statement of cash flows.

Notes to the financial statements continued

For the year ended 31 December 2021

30. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT continued

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

The effects of exchange rate changes presented in the consolidated cash flow statement 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 consolidated 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 rate 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 Group's foreign cash balances relate to USD and EUR. These currencies have moved by -1.0% and +6.4% 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 consolidated cash flow statement.

31. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

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

Market risk

The Group's business activities primarily involve brokering derivative contracts, specifically foreign currency forwards and foreign currency options to clients, and entering back-to-back arrangements with counterparty banks, as well as the clearance and supply of large quantities of physical banknotes in various currencies. The back-to-back nature of the transactions eliminates exchange rate risk for the Group and means the financial exposure is limited to client credit risk. The Group 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 Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

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

Foreign currency risk management

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

The Group maintains bank balances and physical banknotes 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).

Foreign exchange exposure is managed by the Group's Treasury function with profits converted to each entities functional currency via foreign exchange spot deals.

Notes to the financial statements continued

For the year ended 31 December 2021

31. FINANCIAL RISK MANAGEMENT continued

Foreign currency risk management continued

Cash and cash equivalent balances, including Group bank balances, physical banknotes and funds held in designated client accounts, held in foreign currencies (in their GBP equivalent) at year end were as follows:

	2021 £000s	2020 £000s
Currency		
United States dollar (USD)	**328,937**	214,134
Euro (EUR)	**217,842**	204,951
Polish zloty (PLN)	**8,456**	735
Australian dollar (AUD)	**7,782**	7,515
Brazilian real (BRL)	**7,591**	2,475
Canadian dollar (CAD)	**6,225**	6,718
Swiss franc (CHF)	**5,869**	3,728
United Arab Emirates dirham (AED)	**3,871**	2,396
Romanian leu (RON)	**3,849**	843
Swedish krona (SEK)	**2,345**	1,824
South African rand (ZAR)	**2,014**	2,728
Japanese yen (JPY)	**1,830**	1,682
Norwegian krone (NOK)	**1,455**	1,583
Vietnamese dong (VND)	**1,440**	25
Israeli new shekel (ILS)	**1,290**	1,215
Danish krone (DKK)	**1,172**	988
Hungarian forint (HUF)	**1,138**	926
Mexican peso (MXN)	**1,071**	223
New Zealand dollar (NZD)	**1,058**	1,125
Saudi riyal (SAR)	**991**	305
Singapore dollar (SGD)	**665**	1,164
Barbarian dollar (BBD)	**598**	533
Turkish lira (TRY)	**538**	534
Chinese yuan (CNH)	**477**	90
Hong Kong dollar (HKD)	**450**	1,476
New Taiwan dollar (TWD)	**409**	497
Czech koruna (CZK)	**369**	106
Moroccan dirham (MAD)	**351**	515
Indian rupee (INR)	**290**	489
Bermuda dollar (BMD)	**281**	233
Kenyan shilling (KES)	**278**	153
Icelandic króna (ISK)	**259**	84
Thai baht (THB)	**228**	398
Russian ruble (RUB)	**225**	331
Bulgarian lev (BGN)	**211**	128
South Korean won (KRW)	**104**	300
Chinese yuan (CNY)	**64**	500
Eastern Caribbean dollar (XCD)	**81**	322
Other foreign currencies (individual balances less than £200k)	**1,320**	1,348
Total foreign currency risk	**613,424**	465,320
Great British pounds (GBP)	**137,871**	165,524
Total net cash and cash equivalents	**751,295**	630,844

Notes to the financial statements continued

For the year ended 31 December 2021

31. FINANCIAL RISK MANAGEMENT continued

Foreign currency risk management continued

At 31 December 2021, if the GBP had weakened by 5% against the above currencies with all other variables held constant, the recalculated post-tax profit for the year would have been £32,286k (2020: £24,491k) higher. Conversely a 5% strengthening of GBP would have resulted in the post-tax profit being £29,211k (2020: £22,158k) lower.

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

The results of the foreign subsidiaries exposure to exchange rate fluctuations can be seen in the consolidated statement of comprehensive income.

Interest rate risk management

The Group's interest rate risk arises primarily from its borrowings with variable interest rates. The Group borrows at floating rates of interest and utilises interest rate swaps to manage its exposure where appropriate.

At 31 December with all other variables remaining constant, each 10 basis point increase/decrease in LIBOR would have resulted in the following (decrease)/increase to profit before tax:

	2021 £000	2020 £000
Impact of 10 basis point increase in LIBOR	**(34)**	(37)
Impact of 10 basis point decrease in LIBOR	**34**	37

The Group recognises a potential for interest rate risk given the small client deposit book, however has assessed this as being immaterial.

Other price risks

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

Credit risk management

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

The Group does not provide traditional forms of credit to its clients. However, credit exposures do arise, normally for a short period of time, as the Group depends on its clients and counterparties to pay for funds and services provided and to honour their contractual obligations on foreign exchange contracts. Group policies require new and material increased client credit exposures to be approved by the independent credit department. Credit exposures are overseen by the Group Credit Committee, which is chaired by, and comprises, a majority of individuals who are independent from the revenue generation functions of the business. Credit exposures are monitored regularly against approved risk limits, with client margins called for where appropriate.

For certain clients the Group requires collateral to be posted when their positions are out of the money above a certain tolerance level. For options and in-scope forwards, collateral is held in segregated client bank accounts which are off balance sheet. For all other clients, collateral held is recorded within cash and cash equivalents – funds held in designated client bank accounts (refer to Note 21 for further details).

Payments are made in advance for large shipment orders of physical banknotes.

Credit risk for financial assets at amortised cost

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

- Cash and cash equivalents; 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 2021 (2020: nil).

Based on historical recovery rates for payment service receivables, the loss allowance as at 31 December 2021 was determined as 0.74% for anything aged less than 30 days (2020: 1.20%). Anything aged greater than 60 days becomes highly unlikely to be recovered based on the general two to three day turnaround cycle between trade maturity and settlement and therefore 100% ECL has been applied to this category. For anything between these ageing categories 50% has been applied.

Notes to the financial statements continued

For the year ended 31 December 2021

31. FINANCIAL RISK MANAGEMENT continued

Credit risk management continued

Credit risk for financial assets at amortised cost continued

The Group does not generally deliver physical banknotes to clients until funds are received for the purchase of the banknotes (i.e. until the debtor balance is settled) and as such the probability of default is low. Based on historical recovery rates, the loss allowance as at 31 December 2021 was determined as 0.01% for anything aged less than 30 days (2020: 0.01%).

No losses have been realised in relation to ATM receivables over the prior 24 months as balances are due from reputable vendors. As such the loss allowance as at 31 December 2021 was determined as 0% for anything aged less than 30 days (2020: 0%).

All related party receivables are deemed fully recoverable.

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

	2021 £000	2020 £000
Opening ECL provision	**1,671**	1,458
Increase in loss allowance recognised in profit or loss during the year	**12**	494
Receivables written off during the year as uncollectible	**(85)**	(279)
Foreign exchange differences	**–**	(2)
Closing ECL provision	**1,598**	1,671

The above movement in loss allowance during the year can be allocated as £(2k) from continuing operations and £14k from discontinuing (2020: £488k and £6k respectively) and can be reconciled to the net impairment losses on financial assets presented within administrative 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 Group 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 Group 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 majority of the Group's corporate clients fall between credit grades 3 and 5 which reflects the small and medium sized enterprise (SME) nature of the Group's client base.

	2021			2020		
	Forward contracts £000	Option contracts £000	Total £000	Forward contracts £000	Option contracts £000	Total £000
Counterparties internal credit rating:						
Credit grade 6	**1,256**	**69**	**1,325**	1,409	94	1,503
Credit grade 5	**8,292**	**655**	**8,947**	11,879	1,128	13,007
Credit grade 4	**2,701**	**2,848**	**5,549**	6,322	368	6,690
Credit grade 3	**1,206**	**–**	**1,206**	673	12	685
Credit grade 2	**–**	**–**	**–**	–	–	–
Credit grade 1	**10**	**–**	**10**	–	–	–
Credit grade – other*	**1,152**	**17**	**1,169**	3,080	163	3,243
	14,617	**3,589**	**18,206**	23,363	1,765	25,128
Counterparties with external credit ratings	**30,213**	**9,878**	**40,091**	40,988	12,194	53,182
	44,830	**13,467**	**58,297**	64,351	13,959	78,310

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

Notes to the financial statements continued

For the year ended 31 December 2021

31. FINANCIAL RISK MANAGEMENT continued

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 and liquidity facilities. These facilities are provided through financial institutions with which the Group has a long trading history. Liquidity and cash is managed on a daily basis by the Group Treasury team. The Group seeks to manage this risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Included in the external financing facility available to the Group is a committed revolving facility to provide short term liquidity as required.

Liquidity risk tables

The following tables detail the maturity profile of the Group's remaining contractual financial liabilities with agreed repayment periods, excluding derivative financial liabilities assessed separately. The tables have been drawn up based on the undiscounted cash flows of financial liabilities at the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. For interest payments based on floating interest rates, the undiscounted amount is derived from interest rate curves at the balance sheet date. For all financial liabilities the expected maturities are the same as the contractual maturities.

The amounts included in the liquidity risk tables for variable interest rate borrowings are subject to change if variable interest rates differ to those estimates determined at the reporting date.

	Within 1 year £000	1-2 years £000	2-5 years £000	5+ years £000	Total £000
At 31 December 2021					
Borrowing principal and interest payments:					
– Related party loans	**–**	**45,195**	**79,809**	**–**	**125,004**
– Bank overdrafts	**23,363**	**–**	**–**	**–**	**23,363**
Lease liabilities	**2,715**	**2,423**	**6,296**	**955**	**12,389**
Trade and other payables	**792,856**	**–**	**–**	**–**	**792,856**
	818,934	**47,618**	**86,105**	**955**	**953,612**
At 31 December 2020					
Borrowing principal and interest payments:					
– Related party loans	–	–	125,448	–	125,448
– Bank overdrafts	3,199	–	–	–	3,199
Lease liabilities	2,747	2,469	6,341	2,889	14,446
Trade and other payables	658,018	–	–	–	658,018
	663,964	2,469	131,789	2,889	801,111

The following table details the Group'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 counterparty banks.

Notes to the financial statements continued

For the year ended 31 December 2021

31. FINANCIAL RISK MANAGEMENT continued

Liquidity risk management continued

Liquidity risk tables continued

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 another 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.

	Within 1 year £000	1-2 years £000	2-5 years £000	5+ years £000	Total £000
Assets					
At 31 December 2021					
Foreign exchange forwards	**40,952**	**3,202**	**636**	**40**	**44,830**
Foreign exchange options	**10,094**	**2,204**	**560**	**609**	**13,467**
	51,046	**5,406**	**1,196**	**649**	**58,297**
At 31 December 2020					
Foreign exchange forwards	56,709	6,981	543	118	64,351
Foreign exchange options	10,209	3,462	176	112	13,959
	66,918	10,443	719	230	78,310
Liabilities					
At 31 December 2021					
Foreign exchange forwards	**(29,436)**	**(2,173)**	**(215)**	**(12)**	**(31,836)**
Foreign exchange options	**(9,955)**	**(2,153)**	**(546)**	**(594)**	**(13,248)**
	(39,391)	**(4,326)**	**(761)**	**(606)**	**(45,084)**
At 31 December 2020					
Foreign exchange forwards	(50,896)	(5,416)	(497)	(96)	(56,905)
Foreign exchange options	(10,010)	(3,384)	(172)	(110)	(13,676)
	(60,906)	(8,800)	(669)	(206)	(70,581)

32. CAPITAL RISK MANAGEMENT

Capital risk is the risk that the Group has an insufficient level or composition of capital to support the Group's business activities and associated risks during both normal economic environments and under stressed conditions. The capital risk management objective for the Group is to maintain sufficient capital after debt servicing to enable it to continue as a going concern while maximising returns to shareholders. The Group's overall capital risk management strategy remains unchanged from 2020. The debt servicing is applicable to the wider Moneycorp Group's bank loans. Any retained profit is kept in the business with no dividends being paid out.

The capital structure of the Group consists of net cash/(debt) (as disclosed in Note 30b) and equity of the Group comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

Moneycorp Financial Risk Management Limited, a subsidiary of the Group, is authorised and regulated by the FCA, and as part of the Capital Requirement Directive IV, is required to hold adequate capital which is calculated under the Internal Capital Requirements Regulation.

TTT Moneycorp Limited, a subsidiary of the Group, is regulated by the FCA under the Payment Services Directive and is required to keep an appropriate amount of client funds in client safeguarding accounts.

Moneycorp Technologies Limited (MTL), a subsidiary of the Group, is authorised and regulated by the Central Bank of Ireland (CBI). MTL was granted its licence on 24 June 2020 as an E-Money Institution under the European Communities Electronic Regulations 2011. It was also licensed on the same date as an Investment Firm under the European Union MiFID regulations 2017. As part of the Capital Requirements Directive, MTL is required to hold sufficient regulatory capital calculated in accordance with the regulations.

Moneycorp Bank Limited, a subsidiary of the Group, is regulated by the Financial Services Commission in Gibraltar and is required to hold adequate capital under the Capital Directive IV, which is calculated under the Internal Capital Requirements Regulation.

The rest of the Group is not subject to any externally imposed capital requirements.

Notes to the financial statements continued

For the year ended 31 December 2021

33. COMMITMENTS AND CONTINGENT LIABILITIES

33a. Operating lease arrangements

The Group leases office and retail space as a lessee under non-cancellable operating leases. The Group 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 15 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 consolidated balance sheet in line with IFRS 16, or are short term in nature.

	2021 £000	2020 £000
Lease payments under operating leases recognised as an expense in the year	**3,416**	9,239

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

	2021 £000	2020 £000
Within one year	**2,725**	6,029
In the second to fifth years inclusive	**–**	11,224
After five years	**–**	1
	2,725	17,254

The above operating lease payments represent rentals payable by the Group for certain office properties and retail outlets, primarily at airport locations. For airport retail outlets these are excluded from the lease liability on the basis that the supplier has substantive rights to substitute the asset throughout the period of use, i.e. the Group can get moved to different locations in the airport during the lease term at the discretion of the airport. The arrangements with retail outlets typically include a minimum payable amount, plus a variable element payable based on passenger numbers.

The last remaining airport contract has been exited subsequent to the balance sheet date (refer to Note 37 for further details).

33b. Capital commitments

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

	2021 £000	2020 £000
Intangible assets	**205**	2,290

33c. Other commitments and contingent liabilities

Other than the commitments above, the Group has no other material financial commitments or contingent liabilities outside of liabilities presented on the face of the consolidated balance sheet at the reporting date (2020: nil).

33d. Contingent assets

On 31 December 2021 the Group suffered a loss as a result of an external fraud against a subsidiary company with the loss recognised in the consolidated income statement during the year (see Note 8). The Group is pursing the recovery of the illicitly obtained funds, however as the court proceedings did not commence until after the balance sheet date, the recovery of realised losses have not been recognised on the balance sheet as at 31 December 2021. Contingent on the outcome of the court case, the Group looks to recover the amount lost either from the court proceedings or via an insurance claim.

34. LITIGATION AND CLAIMS

Legal claim – contract heads of terms

In February 2020 a claim arose from a third party concerning the changed heads of terms and other such matters regarding the potential sale of a Group subsidiary, which did not go ahead. A provision was recognised in the prior year in regards to this claim, which was settled in 2021.

Legal claim – External fraud

Subsequent to the balance sheet date, the Group entered into litigation regarding an external theft against the Group, which occurred in 2021. Refer to Note 33d for further details.

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

Notes to the financial statements continued

For the year ended 31 December 2021

35. RELATED PARTY BALANCES AND TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its related parties are disclosed below.

35a. Trading transactions

Trade receivable balances held with the immediate parent company and other Moneycorp holding companies, which do not form part of the consolidated Group, at year end are disclosed in Note 22.

Related party borrowings owing to the immediate parent company are disclosed in Note 27. The corresponding finance costs paid are disclosed in Note 11.

35b. Other related parties

During the year, Group companies entered into the transactions noted below with related companies who are not members of the 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:

	2021 £000	2020 £000
Elgin Limited	**1,458**	811
Fat Face Limited*	**–**	6,621
Fishawack Health Group	**31,972**	24,655
Loc Group Limited*	**–**	12,645
QualiTest Group	**19,888**	15,391
Tunstall Healthcare Group	**26,498**	21,273

* Note both Fat Face Limited and Loc Group Limited were no longer deemed to be related parties during 2021 therefore balances are nil.

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

	2021 £000	2020 £000
Fishawack Health Group	**1,759**	–
Tunstall Healthcare Group	**4,327**	–

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

35c. Directors' and management transactions

The following transactions were entered into by Directors of Moneycorp Group companies during the year:

- Various directors entered into foreign exchange transactions yielding commission income for the Group of £586 (2020: £1,092) with an average margin of 0.22% (2020:13%). No transactions were outstanding at the balance sheet date.
- Various Directors held total funds of £18,939 (2020: £71,756) within their foreign currency trading accounts at the balance sheet date.
- C Buchan held £10,000 on deposit with Moneycorp Bank Limited during the year (2020: £10,000) earning interest of £68. The balance at year end was £10,499 (2020: £10,431).
- M Azopardi placed a further £20,000 on deposit with Moneycorp Bank Limited during the year, resulting in total deposits held of £138,000 (2020: £118,000 held on deposit). The balance at year end was £141,010 (2020: £120,139). Interest earned during the year was £875.

A Director's son is employed by the UK branch of Moneycorp (Hong Kong) Limited in the role of Head of International Sales – FIG (2020: Senior Vice President – FIG). This employment is on an arm's length basis and his total remuneration for the year was £147,291 (2020: £69,842).

Notes to the financial statements continued

For the year ended 31 December 2021

35. RELATED PARTY BALANCES AND TRANSACTIONS continued

35d. Remuneration of key management personnel

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2021 £000	2020 £000
Short-term employee benefits	**1,956**	1,485
Post-employment benefits	**–**	18
Termination benefits	**–**	492
	1,956	1,995

None of the key management personnel are members of a money purchase pension scheme (2020: one).

36. GROUP HOLDING COMPANY AND CONTROLLING ENTITY

At the balance sheet date, the Directors consider that the Company's immediate parent and controlling party to be Moneta Bidco Limited (100% effective holding), incorporated and registered in Jersey, Channel Islands.

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

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

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

37. EVENTS AFTER THE BALANCE SHEET DATE

Closure of retail operations

Subsequent to the balance sheet date the Group finalised the early surrender of its two London retail store leases. £300k was paid as settlement with the surrenders effective in January and April 2022. On 4 April 2022 the Group closed its last remaining retail branches at London Gatwick Airport. 45 employees were transferred under TUPE to the new London Gatwick retail operator.

Russian invasion of Ukraine

On 24 February 2022, Russian troops started a full-scale invasion of Ukraine. This ongoing military action has led, and continues to lead, to devastating impacts on people, infrastructure and economies.

Moneycorp stands with the international community in its condemnation of the war and the impact it has had on the people of Ukraine.

The Board has reviewed all clients and transactions and can confirm full compliance with all applicable international sanctions.

The Group has one private client located in Russia. They are not a PEP and have not been sanctioned. However, all transactions to and from this individual have been suspended and no transactions have been approved since the beginning of the war.

Historically, the Group had a small number of clients who from time to time made payments to contractors or suppliers in Russia. The ability to make these payments has been suspended indefinitely.

The Group is no longer offering trades for currency pairs with Russian Ruble (RUB) or Ukrainian Hryvnia (UAH). All payments to parties on sanction lists, in any currency, have been suspended indefinitely. The Group has implemented various additional compliance checks to mitigate any potential risk to the Group. The Group no longer has any exposure to these currencies.

As at the date of signing the war is not considered to have a direct material impact on the Group, however the Directors will continue to monitor the situation closely and respond accordingly.

Notes to the financial statements continued

For the year ended 31 December 2021

37. EVENTS AFTER THE BALANCE SHEET DATE continued

Refinancing of senior debt facility

In April 2022 the Directors signed the refinancing commitment letter with the wider Moneycorp Group's new lenders. This letter set out certain key terms. The refinancing was subsequently executed with funds drawn down in June 2022 and previous debt repaid. Included in the facility is both a senior term loan facility and a super senior revolving credit facility, providing an increase and extension to the Group's existing senior debt facility.

Gibraltar jurisdiction increased monitoring

On 17 June 2022, Gibraltar was placed on the Financial Action Task Force's (FATF's) list of jurisdictions under increased monitoring, caused by two judicial system related points which remained outstanding (noting other points identified have already been effectively remediated). This list is expected to be temporary in nature (up to one year) whilst the remaining tasks are closed off. No shortfalls have been identified within the Gibraltar banking industry or the GFSC and importantly, nothing that has been highlighted as requiring remediation relating to the GFSC's supervision of Gibraltar banking activities. The Directors will continue to closely monitor and assess how this may affect the business.

French branch approval

On 12 July 2022 the Central Bank of Ireland granted Moneycorp Technologies Limited a freedom of establishment passport to open a branch in France. This aligns with the Group strategy for the International Payment Services segment and expanding its geographical footprint into additional European countries.

Other information

Alternative performance measures

In addition to Generally Accepted Accounting Principles (GAAP) measures, Moneycorp uses a number of alternative performance measures (APMs) in order to monitor business performance. APMs are non-GAAP measures which have been included within the annual report to supplement the disclosures prepared in accordance with other regulations, such as International Financial Reporting Standards (IFRS) as they are an effective way of communicating important entity specific developments. APMs should be viewed as complementary to, rather than as a substitute for, the amounts determined according to other regulations.

Definitions and other information is provided below on the APMs used by the Group:

EBITDA

EBITDA is defined as earnings before finance costs, tax, depreciation, amortisation and significant one-off items. EBITDA is a core KPI used internally to monitor performance on a monthly basis and is reported to the wider Moneycorp Group's lenders as defined in the Senior Financing Agreement. A detailed reconciliation from EBITDA to the statutory reported result is shown on Page 96.

EBITDA margin

EBITDA margin is calculated as EBITDA divided by revenue, and provides an indication of the conversion of revenue to EBITDA profitability.

Trading volume/flow

Trading volume represents the gross notional value of client currency transactions processed in their GBP equivalent and is used by management for both the International Payments and International Banking segments as it is the basis from which revenue is generated. Trading volume is measured as a single leg transaction volume.

Corporate revenue retention

The Group monitors corporate revenue retention within the International Payment Services business. This metric is defined as the revenue generated from corporate clients who transacted in the prior period and is calculated as the revenue generated from this client base in the current reporting period, divided by the revenue generated from the same client base in the prior period.

Straight-through processing (STP)

STP is a core KPI for Moneycorp as it allows us to monitor the automation of payments processed. STP is calculated as the percentage of International Payment Services (excluding Brazil) payments that are sent without human intervention. The benefits of high STP are many – client experience, operational resilience, platform scalability and cost.

Online transactions

The Group serves clients via a number of channels. Online transactions represent the percentage of International Payment Services (excluding Brazil) payments initiated either via the Group's online payments platform or through our bulk upload payment capability. Online transactions is a performance measure used, similar to STP, to monitor digitalisation and automation of the Group's business and client servicing efficiency.

EBITDA to statutory results reconciliation

The management accounts that are used internally are based on Old UK GAAP as per the requirements of the wider Moneycorp Group's lenders, whereas the statutory results are reported and audited under IFRS as adopted by the UK. This results in differences such as in the revenue recognised in respect of forward and option derivative financial instrument contracts. Other than adjustments to IFRS, all other measurement policies used in preparing the management results are consistent with those used in preparing the statutory financial statements.

The below table shows the reconciliation from Group management accounts to statutory reported results.

Total Group revenue reconciliation	**2021 £000s**	**2020 £000s**
Revenue per Management accounts	**141,222**	108,966
Plus: Retail business revenue	**4,125**	11,681
Less: Adjustment under IFRS adopted by the UK	**(1,877)**	(4,428)
Statutory reported results	**143,470**	116,219
EBITDA to statutory profit/(loss) reconciliation		
EBITDA per Management accounts	**35,341**	22,564
Adjustment under IFRS adopted by the UK	**(561)**	922
Plus: significant one-off items	**(5,064)**	(11,848)
Plus: amortisation	**(7,463)**	(7,110)
Plus: depreciation	**(3,015)**	(3,146)
Plus: impairment/loss on disposal of assets	**(2,214)**	(91)
Statutory operating profit	**17,024**	1,291
Plus: Net finance costs	**(8,082)**	(8,170)
Plus: Tax (charge)/credit	**(4,376)**	733
Plus: Profit/(loss) from discontinued operations	**218**	(2)
Statutory profit/(loss) after tax	**4,784**	(6,148)

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92479

Date of incorporation
13 February 2006

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47 Esplanade
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Directors
A Bowkett – appointed June 2022
M Horgan – appointed July 2012
V Tarashev – appointed June 2022
A Jones – appointed November 2020

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Andrew Gook: pages 1 and 34
Alex Shutin: page 97 and back cover
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