Registered number RC131898

Travelex International Limited (formerly called Travelex Topco Limited)

Report and consolidated financial statements
for the year ended 31 December 2022

Travelex International Limited (formerly called Travelex Topco Limited)
Financial Statements for the year ended 31 December 2022

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Travelex International Limited (formerly called Travelex Topco Limited)
Directors and advisors
for the year ended 31 December 2022

Directors

A. M. G. Rees
J. E. S. Birch
A. Filshie
M. E. Freedman
N. S. Ghoussaini
D. G. L. Hargrave
D. W. Muir
R. J. Wazacz

Company Secretary

V Bénis-Lonsdale
Crestbridge Corporate Services Limited

Independent auditor

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Solicitors

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Registered number

RC131898

DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements of Travelex International Limited (formerly called Travelex Topco Limited), and its subsidiaries and associated undertakings as defined by International Financial Reporting Standards (the Group) for the year ended 31 December 2022.

Directors

The following were Directors during the period and held office throughout the period, unless otherwise indicated:

Executive Directors	J. E. S. Birch	General Counsel
	R. J. Wazacz	Chief Executive Officer (Since 28 June 2022)
	M. E. Freedman	Chief Financial Officer (Since 21 April 2022)
Non-Executive Directors	A. M. G. Rees	Chairman
	D. W. Muir	Previously Chief Executive Officer
	A. Filshie	
	N. S. Ghoussaini	
	D. G. L. Hargrave	
	J. M. Westcott	(Resigned 28 June 2022)

Business Review

Where a fragile recovery was evident in 2021, 2022 saw the rapid return of international travel across most major markets in which the Group operates. The impact of the Omicron variant of the Covid-19 virus dissipated quickly in early 2022, with most governments easing travel restrictions and introducing endemic health policies of living with the Covid-19 virus. Recovery trajectories rapidly accelerated in the UK, Europe, Australia, Middle East, Brazil and South Asia as consumers acted on significant pent-up demand for travel, driving positive trading results in these markets.

The positive increase in revenues was underpinned by the first peak summer trading period without major travel restrictions in the UK and Europe. The Brazil and Middle East & Turkey regions both exceeded 2019 revenues, with recovery fully complete in these markets by the end of 2022. Restrictions remained tight in Hong Kong and China, where recovery lagged significantly behind other markets on local Covid-19 policies. Recovery in these markets is now evident with a rapid return to open borders and relaxed entry policies in early 2023.

While the risk of further Covid-19 variants and the reintroduction of travel restrictions has now largely eased, particularly with Asia now fully open, other macro challenges to the Group's recovery were evident in 2022 as the global economy reopened following the pandemic. These new challenges included pressure on recruitment in key markets such as the UK and Australia to enable the business to scale up appropriately to meet the rising demand; supply chain issues as flight corridors availability were hampered by airlines' ability to scale up operations quickly and; well publicised logistical issues at airports driving passenger caps and delays for consumers, as they too struggled to scale up resources quickly. Additionally, the Group was also subject to the inflationary pressure experienced globally that drove cost challenges as well as the risk of negatively impacting consumers propensity to travel on shrinking disposable incomes. Despite all of these additional challenges, significant recovery in international travel was evident globally and demand for foreign exchange services in airports and through the Group's other key channels remained strong throughout 2022.

Notwithstanding regions recovering at different rates, this improved financial performance of the Group in 2022 saw revenues rising to £368.5m (2021: £75.4m) and resulting in a Gross Profit of £207.9m (2021: £53.6m). The Group earnings before interest, tax, depreciation, and amortisation ("EBITDA") for 2022 was £112.5m (2021: £19.6m), inclusive of non-underlying income of £59.7m (2021: £44.5m), driven by one-off gains on the acquisition of legacy Travelex entities to complete the new Travelex Group's perimeter. The Group achieved positive underlying EBITDA from May 2022 and finished the first half of 2022 with positive underlying EBITDA. See note 6 for further details on non-underlying income.

Depreciation and amortisation charges for the year were £55.1m (2021: £46.8m) and net finance costs were £58.6m for the year (2021: £36.2m). The increase in depreciation and amortisation is largely attributable to the increase in right-of-use-assets arising from 2022 acquisitions, while the increase in net finance costs was largely attributable to the inclusion of leases acquired during the year and the issuance of £70m of New Money Notes in 2022, the latter to provide the Group with fresh liquidity to fund working capital in anticipation of a return of consumer travel.

The profit for the year was £7.0m (2021: £54.7m loss) and reflects the higher underlying EBITDA and increased one-off bargain gain offset by the higher depreciation and amortisation costs, and the higher net finance costs.

To weather the impacts of the pandemic, the Group focused heavily on rationalising the cost base to conserve liquidity. In 2022, costs increased to support increased activity and improving revenues from the growing demand for international travel. Cost reinvestment was heavily linked to revenue recovery with the business investing in headcount to meet the travel sector demand rebound. Recruitment in key markets was challenged and continues to remain a focus for the Group, ensuring the business has the appropriate resources to support the continuing recovery in revenues and next stage of growth. The continued focus on costs has also been balanced with continued material investment in IT to replace infrastructure and mitigate risks, including a cyber improvement programme that made significant progress in 2022.

Where in 2021 the Group capitalised on incremental airport contract wins driven principally by the market instability of the pandemic, 2022 saw success not just in new contracts but also a number of key renewals of existing contracts with partners, across all regions, demonstrating the continued strength of the Group and its emergence from the impacts of the pandemic.

Since the establishment of new Travelex, the Group completed the acquisitions of nine entities from the old Travelex Group during 2022 as well as one final entity that was acquired in January 2023. With this final acquisition, the full perimeter of the new Group was complete and the group restructuring programme was brought to a closure. Refer to note 13 of the financial statements for further information.

Notwithstanding the extreme challenges of the Covid-19 pandemic and the impact of new challenges as the world entered recovery, the Directors are pleased with the continued and sustained recovery of the Group and are optimistic about the future of the business as it completes its recovery journey in 2023. The power of the Travelex brand, the strength of our colleagues, the culmination of a successful restructure of the business, strategic investments in IT governance and infrastructure and a more agile cost base, all point to the longer-term value of, and opportunities for the Group as it looks forward to its next stage of growth.

The Directors note that due to data limitations and challenges of the restructuring in 2020, the Group's external auditors have been unable to provide an unqualified audit opinion on the financial statements since 2018. We are pleased to report an improvement in audit opinion on the 2022 financials, with only the prior year comparative remaining qualified. What this qualification does is recognise the prior year numbers, as already reported and published, are an important reference and comparative to this years' numbers which are not qualified by the auditors and now provide to the company and the reader, a solid reference point from which to gauge current and future financial status and performance.

Restructuring and financing

On 13th December 2021, the Group announced further net financing of £70m from New Money Notes (NMN) issuances to fund both working capital and capex to deliver the planned growth expected in 2022. This was subsequently drawn down in two tranches of NMN's providing net funds of £35m on 7th January 2022 and £35m on 11th April 2022 for notes with face values of £37.2m and £37m respectively.

Principal shareholders

Travelex International Limited is a private limited company incorporated on 15 July 2020, domiciled in Jersey and is the ultimate parent entity of the Group. The shareholders as at 31 December 2022, principally comprise funds managed by Barings LLC (Barings Group of Companies) with a 52.32% shareholding in aggregate, Core Partners Management with a 20.64% shareholding, Vector Capital Management, L.P with a 14.70% shareholding, Mariner Investment Group with a 10.41% shareholding and other institutional shareholders with less than a 5% shareholding in aggregate. The Directors are of the opinion that there is no ultimate controlling party of the Group.

Employees

The Travelex International Group is committed to colleague engagement and inclusion as we believe our business objectives are best achieved if our colleagues understand and support Travelex's strategic objectives and vision. Colleagues are kept informed of the company's performance through global and local town halls, supplemented by a range of internal communications. Executives regularly meet to discuss matters of current interest with colleagues and the Group's financial performance is presented and explained during the year.

Diversity, Equality, and Inclusion

We are committed to promoting equal opportunities, diversity in employment and encouraging a supportive and inclusive culture in every country we operate in, free from unfair and unlawful discrimination whether intentional, unintentional, direct or indirect. We value people as individuals with diverse opinions who come from different cultural backgrounds, lifestyles and circumstances. DE&I underpinned by Wellbeing at Travelex is about providing a culture where all colleagues are empowered to bring their whole selves to work. Where we value the unique perspectives and talents of our colleagues and where they are encouraged to participate in, and where possible, help to make decisions on subjects that matter to them.

Based on our existing policies, the Group is committed to:

- Creating an environment in which individual differences and the contributions of all colleagues are recognised and valued.
- We are committed to ensuring a zero-tolerance approach to discrimination against colleagues. Workplace harassment or victimisation towards colleagues on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation will not be tolerated.
- Providing equitable training, development, and progression opportunities and considerations in relevant training programmes as well as offering learning interventions to elevate colleague and manager knowledge of the DE&I agenda.
- Continuously reviewing all our employment policies, practices and procedures to ensure fairness.

Risk Management

The management of the business and the execution of the Group's strategy are subject to a number of risks which are identified and managed by the Group Audit and Risk Committee and the network of group, regional and functional risk committees which identify and manage risk exposures including:

Operational risk

Operational risk is defined as risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The most significant applicable to the Group are:

- Regulatory and Legal risk – See further below.
- People Risk - We rely on our colleagues to serve our customers and follow policy and process therefore strong people risk management across the employee lifecycle is essential.

- Technology Risk - Our business processes are dependent on the reliability, security, and resilience of the technology we deploy and management of all areas of technology risk is a priority.

The malware incident in 2019 drove a period of disruption for the Group, however this risk is being continuously evaluated and mitigated by material investments in technology, people and processes.

Physical risk

Physical risk arises from the Group's exposure to theft and misappropriation or damage to its physical assets, principally in relation to its vault operations and distribution arrangements. The Group's Physical risk team develops appropriate policies and procedures to mitigate this risk. These arrangements are reviewed by third parties on an ad hoc basis including our insurers. An appropriate level of insurance is maintained to limit the Group's exposure and is reviewed at least annually.

Political and economic risk

Covid-19

The risk of further Covid-19 variants and reintroduction of travel restrictions has now fully eased, particularly with Asia now fully open. The Group believes that the external risks from a future similar pandemic event relate to economic and political factors which the Group cannot influence. Consequently, the focus is to ensure that the Group is prepared operationally to deal with the impacts of these events on the business. A central Group-wide team co-ordinates the various work streams across the business to closely monitor and manage any potential impact, including implementing mitigating actions across Group.

Current economic scenario

2022 saw a number of new macro-economic challenges with Central Banks globally attempting to contain significantly high inflation rates, particularly in the UK, where inflation spent most of 2022 over 10%. Rapidly rising interest rates have not drastically reduced inflation rates yet but are increasingly impacting the disposable incomes of consumers who hold mortgages and are already impacted by the high inflationary rates on everyday living. The wider global banking and financial services sector also suffered a series of significant shocks in early 2023 on the failure of several regional banks in the US and Credit Suisse in Europe with a contraction in the credit markets.

The Ukraine war dominated much of 2022, and although the resolution of the crisis is still unclear, any impacts continue to be carefully monitored internally, particularly in the light of sanctions. Although the Group does not operate in either Ukraine or Russia and these currencies and corridors have not been significant revenue earners for the Group, the impact on wider consumer confidence for more critical regions and corridors continues to be monitored.

Future economic and political risks

The instability seen in the UK in September 2022 following the 'mini-budget' statement has not returned, but the potential negative outlook for the UK and general instability in global markets is continuing into 2023. Although, the UK has avoided recession, the Bank of England continues to increase interest rates to combat inflation, but this policy is also likely to impact growth. Other large economies such as the US, the Eurozone and China are experiencing similar economic challenges with the Eurozone in a technical recession in 2023. Additionally, although the Group is not subjected directly to formal carbon related regulations currently, the longer-term impacts of climate change on international travel continues to be monitored.

Competitive risk

Competitive risk is actively mitigated by building strong relationships with customers and suppliers to ensure that we are constantly evaluating our service levels and customer offerings to ensure we are competitive and a valued partner for all our customers. The challenges in the travel sector have led to some competitor exits, which have in turn driven opportunity for the Group to take further market share in a number of different geographies. Contracts have also been reviewed and re-negotiated with suppliers and partners to improve terms where applicable. Travelex has responded to challenger fintech businesses with an increased focus on self-serve, home delivery, e-commerce and new digital products of its own.

Regulatory Risk

The Group's business is subject to significant levels of supervision and regulation in the countries and territories in which the Group's services are offered. The Group must respond to and comply with any regulatory changes that occur in order to maintain its licences to operate. In particular the Group's licences are predicated on having appropriate anti-money laundering and sanctions compliance controls in place.

Travelex has an independent Compliance and Risk function of circa 190 people that is responsible for setting policy to meet risk and regulatory requirements and monitoring compliance with those policies. Each country that Travelex is domiciled in has a Risk Officer and a Money laundering Reporting Officer in place who is responsible to the Board of the regulated entity for monitoring compliance with all relevant regulations.

Travelex has invested heavily in implementing globally one of the leading AML technology solutions, to meet its Anti Money Laundering obligations and will continue to invest in proven technology solutions to ensure it manages this area efficiently and effectively moving forward.

The banking landscape remains challenging for Money Service Businesses (MSBs) but with the continued recovery, the Group has sustained its key banking relationships and continues to invest in building new relationships with banking partners and accessing operational facilities to support trading and the working capital needs of the business. Managing the continuation of key banking relationships is closely monitored and managed by the Group and its Directors with strategies in place to diversify and mitigate any risk. Banks continue to exit the market for the provision of FX services which provides a potential competitive opportunity for the Group.

Foreign currency risk

Hedging activities are managed centrally by Treasury through Travelex Central Services Limited (a subsidiary of the Group) that monitors and manages exposures daily. FX hedging is principally conducted by placing FX spot and forward trades with the resultant cash flows being managed by short-dated FX swaps, with dates managed as short as possible to minimise any impact to the liquidity position arising from the mark to market of these instruments.

In general terms, the Group conducts business in many foreign currencies, reporting its results in British pounds. As a result, it is subject to fluctuations in foreign exchange rates which affect the Group's transactional revenues and costs. The Group follows its own risk hedging policy to minimise the impact of foreign exchange rate movements relating to transactional exposures. Any transactional exposures are hedged at group level in line with the Group's foreign exchange guidelines.

Liquidity risk

The Group's liquidity risk requirements are managed centrally by the Group through a combination of bank borrowings and other term debt through the capital markets. Global cash management is an important daily activity, and the Group operates a policy of centralising surplus cash in order to facilitate intra-group funding and to minimise external borrowings requirements.

Credit risk

Credit risk or settlement risk arises from the pre-payment of suppliers for currency stock. Supplier credit worthiness is assessed annually against approved risk limits set by the risk committees. The Group is also exposed to the credit risk arising from receivables with affiliates. Additionally, there is credit risk exposure as a result of cross guarantees within the Group. Various subsidiaries of the Group have provided guarantees in regard to the NMNs, the Short-Term Facility Agreement (“SFA”) and its associated guarantee facility.

Dividends

There are no dividends recommended to be paid in the period.

Going concern

The Directors have assessed the Group’s ability to meet its liabilities as they fall due considering its current position and future trading, and its principal risks and uncertainties. A detailed explanation is provided in the basis of preparation paragraph which forms part of Note 2 to the financial statements. In summary, the Directors have carefully considered a base case and severe but plausible downside scenarios to ascertain the liquidity requirements of the group and sources of funds in order to conclude on the appropriateness of preparing these financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Statement of Directors’ responsibilities

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

Company law requires the Directors to prepare Group financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with International Accounting Financial Reporting Standards in conformity with the requirements of the Companies (Jersey) Law 1991 and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies (Jersey) Law 1991.
- Asses the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its Group financial statements comply with Companies (Jersey) Law, 1991. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Statement of disclosure of information to auditor

So far as the Directors are aware, there is no relevant audit information (that is, information needed by the Group's auditors in connection with preparing their report) of which the Group's auditors are unaware. In addition, the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Independent Auditor

KPMG LLP were appointed as auditor to the Group as of 1st February 2021 for the year ending 31 December 2020 and subsequent financial periods.

V Benis Lonsdale
Group Secretary
26 September 2023

Registered office
47 Esplanade
St Helier
JE1 0BD Jersey

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAVELEX INTERNATIONAL LIMITED

Qualified opinion

We have audited the financial statements of Travelex International Limited ("the Group") for the year ended 31 December 2022 which comprise the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity and the consolidated cash flow statement and related notes, including the accounting policies in note 2.

In our opinion the financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2022.

In our opinion, except for the possible effects solely on the comparative information for the year ended 31 December 2021 of the matter described in the *Basis for qualified opinion* section of our report, the financial statements:

- give a true and fair view of the Group's profit for the year ended 31 December 2022;
- have been properly prepared in accordance with International Financial Reporting Standards; and
- have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for qualified opinion

The Group underwent a significant amount of restructuring that took place throughout 2020 and continued into 2021. We were appointed as auditors on 1 February 2021 which was after the period ended 31 December 2020. The audit evidence available to us was limited in the following respects:

- We were unable to perform time sensitive audit testing that we considered critical such as the observation of cash counts as at the acquisition dates and throughout the period ended 31 December 2020;
- There were limitations to the Group's availability of underlying supporting documentation for the acquisition dates which would have been used to substantiate the fair values on the date of acquisition and the 31 December 2020 period end balances; and
- There were limitations in the evidence available to us to support reliability of forecasts used in the 2020 year end impairment models given certain inputs, including the accuracy of historical performance were impacted by the malware attack which affected the operating entities in 2019 and 2020.

Consequently we were unable to obtain sufficient appropriate audit evidence regarding those issues. Any adjustment would have a consequential effect on the Group's loss and cash flows and changes in equity for the year ended 31 December 2021. We qualified our audit opinions on the financial statements for the years ended 31 December 2020 and 2021 with regard to this same limitation.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard.

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or to cease its operations, and as they have concluded that the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over the Group's ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors’ assessment that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Group’s high-level policies and procedures to prevent and detect fraud , and the Group’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board and Audit and Risk Committee minutes; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards and taking into account our overall knowledge of the control environment, we performed procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as impairment assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is non-complex, there is no estimation or judgment involved, the transactions are homogenous in nature and all settlement side of the transactions can be traced to cash. We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included journals containing unusual descriptions.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group’s regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As some companies within the Group are regulated, our assessment of risks involved gaining an understanding of the control environment including the Group’s procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: regulatory capital and liquidity, health and safety, data protection laws, anti-bribery, money laundering and employment law recognising the financial nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

The *Qualified opinion* and *Matters on which we are required to report by exception* sections of our report explain the implications of the matter described in the basis for modification of opinion on compliance with the requirements of the Companies (Jersey) Law 1991.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to the comparative information for the year ended 31 December 2021, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper accounting records had been kept for that year.

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 returns adequate for our audit have not been received from branches not visited by us; or
- whether the financial statements are not in agreement with the accounting records and returns.

Directors’ responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities

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 our opinion in an auditor’s report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC’s website at:

http://www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Group’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 Group’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 Group and the Group’s members, as a body, for our audit work, for this report, or for the opinions we have formed.

Zaffarali Khakoo (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

26 September 2023

Travelex International Limited (formerly called Travelex Topco Limited)
Consolidated Statement of Income

In millions of British pounds	Note	Year ended 31 December 2022	Year ended 31 December 2021
Revenue	4	**368.5**	**75.4**
Cost of sales	8	(160.6)	(21.8)
Gross profit		**207.9**	**53.6**
Other Income	5	0.5	5.8
Operating expenses	8	(151.3)	(75.9)
Earnings before interest, tax, depreciation, and amortisation (EBITDA) and non-underlying items		**57.1**	**(16.5)**
Non-underlying income	6	59.7	44.5
Non-underlying expenses	6	(4.3)	(8.4)
EBITDA after non-underlying items		**112.5**	**19.6**
Depreciation	8, 12,21	(38.1)	(30.5)
Amortisation	8, 11	(17.0)	(16.3)
Operating profit / (loss)		**57.4**	**(27.2)**
Finance income	7	0.7	0.1
Finance costs	7	(59.3)	(36.3)
Net finance costs		**(58.6)**	**(36.2)**
Share of profit of equity accounted investees net of tax	29	2.6	1.4
Profit / (Loss) before tax	8	**1.4**	**(62.0)**
Tax credit	10	5.6	7.3
Profit / (Loss) after tax for the period		**7.0**	**(54.7)**
Profit / (Loss) for the period attributable to:			
Equity Shareholders of Travelex International Ltd		5.5	(54.8)
Non-Controlling Interest		1.5	0.1

The notes on page 18 - 77 form an integral part of these financial statements.

Travelex International Limited (formerly called Travelex Topco Limited)
Consolidated Statement of Comprehensive Income

In millions of British pounds	Year ended 31 December 2022	Year ended 31 December 2021
Profit / (Loss) after tax for the period	**7.0**	**(54.7)**
Other comprehensive income		
Items that may be subsequently reclassified to the income statement		
Foreign exchange adjustment	1.1	0.1
Other comprehensive income for the period, net of tax	**1.1**	**0.1**
Total comprehensive income / (expense) for the period, net of tax	**8.1**	**(54.6)**
Attributable to:		
Equity Shareholders of Travelex International Ltd	4.8	(55.0)
Non-controlling interest	3.3	0.4
Total comprehensive income / (expense) for the period	**8.1**	**(54.6)**

The notes on page 18 - 77 form an integral part of these financial statements.

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Travelex International Limited (formerly called Travelex Topco Limited)
Consolidated Balance Sheet

In millions of British pounds	Note	31 December 2022	31 December 2021
Non-current assets			
Intangible assets	11	159.5	115.2
Property, plant and equipment	12	14.8	10.7
Right-of-use assets	21	130.3	90.9
Investments from subleasing	21	-	0.3
Other investments		0.2	3.1
Equity-accounted investees	29	13.9	12.5
Other receivables	14	5.7	5.9
Deferred tax assets	23	21.5	6.0
		345.9	**244.6**
Current assets			
Trade and other receivables	14	58.0	40.3
Tax receivable		0.5	0.1
Other deposits	16	7.6	7.6
Inventories		0.1	0.3
Debt instruments at FVTPL	17	18.4	-
Derivative financial assets	20	3.7	0.4
Cash and cash equivalents	15	279.5	119.2
		367.8	**167.9**
Total assets		**713.7**	**412.5**
Current liabilities			
Trade and other payables	18	(229.4)	(98.3)
Borrowings	19	(1.5)	(1.0)
Derivative financial liabilities	20	(3.2)	(0.3)
Lease liabilities	21	(27.2)	(27.6)
Current tax payable		(1.4)	-
Provisions	22	(5.2)	(5.7)
		(267.9)	**(132.9)**
Non-current liabilities			
Borrowings	19	(319.8)	(213.9)
Lease liabilities	21	(117.5)	(74.1)
Provisions	22	(8.4)	(6.4)
Deferred tax liabilities	23	(5.1)	(0.3)
		(450.8)	**(294.7)**
Total liabilities		**(718.7)**	**(427.6)**
Net assets / (liabilities)		**(5.0)**	**(15.1)**
Capital and reserves			
Share capital	25	-	-
Retained earnings		(25.7)	(31.2)
Reserves		0.7	0.1
Equity attributable to shareholders of Travelex Int. Ltd		**(25.0)**	**(31.1)**
Non-controlling interest		20.0	16.0
Total equity		**(5.0)**	**(15.1)**

The notes on pages 18 - 77 form an integral part of these financial statements. The financial statements were approved by the Board of Directors on 26 September 2023 and were signed on its behalf by:

Richard J. Wazacz
Chief Executive Officer (Director)

Mark E. Freedman
Chief Financial Officer (Director)

Travelex International Limited (formerly called Travelex Topco Limited)
Consolidated Statement of Changes in Equity

Year ended 31 December 2022 ***In millions of British pounds***	**Share capital**	**Retained earnings**	**Other reserves**	**Total attributable to equity shareholders**	**Non-controlling interest**	**Total equity**
Balance as at 1 January 2022	**0.0**	**(31.2)**	**0.1**	**(31.1)**	**16.0**	**(15.1)**
Acquisition of subsidiary	-	-	-	**-**	0.7	**0.7**
Equity settled share-based payments*	-	-	1.3	**1.3**	-	**1.3**
Profit for the period	-	5.5	-	**5.5**	1.5	**7.0**
Other comprehensive income	-	-	(0.7)	**(0.7)**	1.8	**1.1**
Dividends paid	-	-	-	**-**	-	**-**
Balance as at 31 December 2022	**0.0**	**(25.7)**	**0.7**	**(25.0)**	**20.0**	**(5.0)**

*Relates to own shares held

Year ended 31 December 2021 **In millions of British pounds**	**Share capital**	**Retained earnings**	**Other reserves**	**Total attributable to equity shareholders**	**Non-controlling interest**	**Total equity**
Balance as at 1 January 2021	**0.0**	**23.6**	**0.2**	**23.8**	**-**	**23.8**
Acquisition of subsidiary	-	-	-	**-**	15.7	**15.7**
Equity settled share-based payments*	-	-	0.1	**0.1**	-	**0.1**
(Loss)/Profit for the period	-	(54.8)	-	**(54.8)**	0.1	**(54.7)**
Other comprehensive (loss)/income	-	-	(0.2)	**(0.2)**	0.3	**0.1**
Dividends paid	-	-	-	**-**	(0.1)	**(0.1)**
Balance as at 31 December 2021	**0.0**	**(31.2)**	**0.1**	**(31.1)**	**16.0**	**(15.1)**

*Relates to own shares held

The notes on page 18 - 77 form an integral part of these financial statements.

Travelex International Limited (formerly called Travelex Topco Limited)
Consolidated Cash Flow Statement

In millions of British pounds	Note	Year ended 31 December 2022	Year ended 31 December 2021
Profit / (Loss) before tax		1.4	(62.0)
Share of profit of equity accounted investees net of tax	29	(2.6)	(1.4)
Finance income	7	(0.2)	(0.1)
Finance costs	7	59.3	33.0
Net foreign exchange (gain) / loss	7	(0.5)	3.3
Depreciation and amortisation	8	55.1	46.8
Impairment	11, 21	0.1	-
Reversal of impairment	11, 21	-	(0.1)
Share-based compensation charge	31	1.3	0.1
COVID-19 rent concessions treated as variable rent	21	(3.1)	(22.0)
Gains on bargain purchase	6	(59.7)	(29.6)
Non-cash loss on disposal of intangible and tangible assets		0.6	2.0
Expected credit loss adjustment		-	(0.7)
Increase / (decrease) in provisions	22	2.8	(1.9)
		54.5	**(32.6)**
(Increase) / decrease in trade and other receivables		(11.8)	16.4
Increase / (decrease) in trade and other payables		17.8	(82.2)
Decrease in derivative financial liabilities		(2.7)	-
Decrease in other deposits	16	-	2.2
Other movements		3.4	(2.2)
Utilisation of provisions	22	(6.0)	(6.4)
Cash generated from / (utilised in) operations		**55.2**	**(104.8)**
Taxation (paid) / received		(6.5)	1.5
Net cash flow from operating activities		**48.7**	**(103.3)**
Finance income received	7	0.2	0.1
Rent received from sub-leasing	21	-	0.8
Payments to acquire intangible assets	11	(3.8)	(1.7)
Purchase of property, plant, and equipment	12	(5.4)	(1.2)
Purchase of other investments – non-current		-	(1.2)
Cash acquired on acquisition of businesses	13	96.6	33.2
Dividends received		1.5	1.7
Net cash flow from investing activities		**89.1**	**31.7**
Interest paid on short-term borrowings	19	(3.6)	(2.9)
Proceeds from debt issuance	19	69.6	58.3
Payment of lease liabilities	19, 21	(42.3)	(12.0)
Net cash flow from financing activities		**23.7**	**43.4**
Net increase / (decrease) in cash and cash equivalents		**161.5**	**(28.2)**
Opening cash and cash equivalents		119.2	147.4
Effects of exchange rates on cash and cash equivalents		(1.2)	-
Closing cash and cash equivalents	15	**279.5**	**119.2**

The notes on page 18 – 77 form an integral part of these financial statements.

1. General information

Travelex International Limited (the "Company") is a private limited company domiciled in Jersey and was incorporated on 15 July 2020. The Company's registered office is at 47 Esplanade, St. Helier, Jersey, JE1 0BD.

2. Principal accounting policies

Basis of preparation

The basis of preparation and the accounting polices applied to the Travelex International Limited 2022 financial statements are set out below.

The consolidated financial statements have been prepared in accordance with the provisions of the Companies (Jersey) law, 1991 and with International Financial Reporting Standards (IFRS) and IFRS interpretations. International Financial Reporting Standards and IFRS interpretations are issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a going concern basis as the Directors believe there are no material uncertainties that lead to significant doubt that the Group can continue as a going concern for a period of at least 12 months from the date of approval of the financial statements.

The consolidated financial statements have been prepared under the historic cost basis and the accounting policies that follow have been consistently applied to years present, except as disclosed in the accounting policies below.

Under Article 105 (11) of the Companies (Jersey) Law, 1991, the Company has not prepared separate financial statements.

The consolidated financial statements are presented in British pounds and all values rounded to the nearest million-British pounds (£ million), except where otherwise indicated.

Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to discharge its liabilities as they fall due.

The Directors have assessed the Group's ability to meet its liabilities as they fall due considering its current position and future trading in the context of the return of international travel following the Covid-19 pandemic and the current cost-of-living crisis and inflationary pressures on disposal income, and its principal risks and uncertainties. In performing this assessment, the Directors have considered a base case as well as severe but plausible downside scenarios in relation to the key risks identified in the base case for a period of at least twelve months from the date of this report.

In September 2023, the Group secured a new £90m term loan facility, to replace the Group's existing £50m Revolving Term Facility that was due to expire in August 2024, as well as a £12m paydown of the Group's existing New Money Notes. The remaining funds from the transaction also provides the Group with fresh liquidity to invest as it continues to capitalise on the growth in the travel market. See note 30 – Post balance sheet events.

In the Group's base case, the Directors considered assumptions on the Group's continued recovery in trading, as 2022 saw the rapid return of international travel across most major markets in which the Group operates and that trend has continued in 2023. The Directors have also considered cash flow projections that indicates the Group is able to meet its liabilities as well as maintaining covenant requirements, in the form of a quarterly leverage ratio covenant, under the new term facility and there is no requirement for additional funding in either the base case or severe but plausible downside scenarios for at least the 12 months that follow the date of approval of these financial statements.

2. Principal accounting policies (continued)

Going concern (continued)

In making their assessment the Directors considered the following:

- Whether there is sufficient liquidity and financing to support the business, its corporate transactions and future trading;
- Whether there is sufficient liquidity to support the rest of the entities within the Group;
- Whether there is sufficient profits to meet the leverage ratio covenant of the external borrowings;
- Whether post balance sheet trading is in line with expectations;
- Continued availability of financing facilities and trading lines;
- The regulatory environment in which the Group operates; and
- The effectiveness of risk management policies, in particular, business continuity, compliance, regulatory, and counterparty risks.

Having considered the above, the Directors conclude that there is no longer a material uncertainty impacting their assessment of the Group's ability to continue as a going concern. This is in contrast to the 2020 and 2021 financial reporting periods where Directors highlighted a material uncertainty across revenue recovery, availability of funding and legacy IT infrastructure. With progress evident across all three areas, Directors are satisfied that this material uncertainty no longer exists, but some significant judgements remain as part of this assessment.

The Group's revenues are dependent on the demand for foreign exchange from retail, financial institutions, central banks and other customers which in turn are driven by the recovery of the global macro economies and travel demands from a tourism and business perspective. The Group's base case scenario was based on trading assumptions where the risk of further Covid-19 variants and the reintroduction of travel restrictions had now fully eased with the WHO announcing that Covid-19 is no longer a global health emergency. The scenario was prepared by management and benchmarked against externally published market analysis including the Bain Air Travel Forecast to 2030 and forecasts produced by key airport partners.

Directors considered a downside scenario where a lower recovery in revenues and incremental inflationary pressure to the cost base impacts the Group's expected profitability. This is driven by assumptions on the continuation of the global cost of living crisis and inflationary pressure, impacting the recovery in revenues and the Group's own cost base. Additionally, a second scenario was considered to reduce the contribution of key growth initiatives, particularly in 2024. In each of these scenarios a reasonable reduction in fixed and variable costs, based on the reduction in revenue and expansion opportunities not fully realised as well as the proven support from new external funding gives the Group the ability to continue to settle its obligations.

Given the progress in recovery since 2022, greater financial stability and additional support from the new term facility providing additional external funding, any further risks in revenue performance are likely to be mitigated by the Group without additional funding. This is in contrast to 2022 and before where continued disruption from the Covid-19 pandemic, the fragile recovery and the disruption at airports as international travel reopened in 2022 would all have had a greater impact on the Group's funding requirement while at the lower levels of recovery. Additionally, the Group has continued to invest in IT to replace infrastructure and mitigate risks, including a cyber improvement programme that made significant progress in 2022.

Furthermore, while there is no formal requirement from the shareholders to support the Group with further funding, there has been proven support in the form of past funding, including most recently with funding of £20m in 2023. Given the continued support from Shareholders, the Directors have a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the foreseeable future.

2. Principal accounting policies (continued)

Going concern (continued)

In summary, the Directors have used the base case and severe but plausible scenarios to conclude the preparation of the financial statements on a going concern basis is appropriate based on:

- Consideration of a recovery in the demand for foreign currency as supported by external benchmarking and recent market announcements that will continue to lead to improved trading conditions;
- The conservative reintroduction of costs linked to revenue recovery;
- Progress made in technology programmes to provide growth opportunities and increase resilience against cyber-attacks; and
  There not being a requirement to seek additional funding for the 12 months following issuance of the financial statements because of the additional liquidity from the re-financing of debt facilities from a third-party provider that will further support on-going operations.

While acknowledging the significant judgements made in the continued recovery in revenue and growth initiative assumptions and cost inflation, the Directors determine that the Group can continue as a going concern and the preparation of the financial statements of the Group on a going concern basis to be appropriate for the 12 months following issuance of the Group financial statements.

2. Principal accounting policies (continued)

Changes in accounting policies

In the preparation of these consolidated financial statements, the Group followed the same accounting policies and methods of computation as compared with those applied in the previous period, except for the adoption of new standards and interpretations and revision of the existing standards noted below. The Group has not early adopted any amendments, standards or interpretations that have been issued but are not yet effective.

New and amended standards adopted by the Group in 2022

The following amendments to existing standards and interpretations were effective for the year ended 31 December 2022, but were either not applicable or did not have a material impact on the Group:

- Annual Improvements to IFRS Standards 2018–2020 Cycle – minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41
- Amendments to IFRS 3: Updating a Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37: Onerous Contracts – costs of fulfilling a contract
- Amendment to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

The amendments to the standard's listed above did not have a material impact on the Group's financial statements.

New and amended standards not applied

The following standards and interpretations in issue are not yet effective for the Group and have not been adopted by the Group. The Directors do not expect the adoption of these standards and interpretations to have a material effect on the consolidated financial statements:

- IFRS 17 Insurance Contracts (effective date 1 January 2023)
- Amendments to IFRS 17: Insurance Contracts (effective date 1 January 2023)
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure Initiative – Accounting Policies (effective date 1 January 2023)
- Amendments to IAS 1 and IAS 8: Definition of Accounting Estimates (effective date 1 January 2023)
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective date 1 January 2023)
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current (effective date 1 January 2024)
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback (effective date 1 January 2024)
- Non-current Liabilities with Covenants Amendments to IAS 1: Non-current Liabilities with Covenants (effective 1 January 2024)

2. Principal accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the subsidiaries controlled by the Company (together referred to as the "Group") for the year ended 31 December 2022 and the year ended 31 December 2021. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group obtains and exercises control primarily through voting rights.

The subsidiary financial statements are prepared for the same reporting period as the Company. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. Intragroup assets and liabilities, equity, income, and expenses are eliminated in full. Cash flows relating to transactions between entities of the group profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full, except for related foreign exchange gains/losses on monetary balances, which are not eliminated.

The Group recognises any non-controlling interest in an acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control of a subsidiary it (i) derecognises the assets (including goodwill) and liabilities of the subsidiary; (ii) derecognises the carrying amount of any non-controlling interest; (iii) derecognises the cumulative translation differences recorded in equity; (iv) recognises the fair value of the consideration received; (v) recognises the fair value of any investment retained; (vi) recognises any surplus or deficit in profit or loss; (vii) recognises the parent's share of any components previously recognised in other comprehensive income, to profit or loss or retained earnings, as appropriate.

2. Principal accounting policies (continued)

Subsidiaries (continued)

Where the Group enters into an arrangement to acquire the non-controlling interest, the Group continues to recognise the non-controlling interest until the risks and rewards of ownership of those shares have transferred to the Group.

Joint ventures and associates

The Group's share of the results of joint ventures and associates is included in the consolidated statement of income and consolidated statement of comprehensive income/(loss) using the equity method of accounting. Investments in joint ventures and associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill. If the Group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the Group does not recognise further losses, unless it has incurred obligations to do so or made payments on behalf of the joint venture or an associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the Group's interest in the entity.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of any acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition costs incurred are expensed and included within non-underlying items.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is initially recognised at cost: being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest, over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit and loss immediately as gain on bargain purchase.

Provisional fair values allocated at a reporting date are finalised within 12 months of the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs") that are expected to benefit from the combination, irrespective of whether assets or liabilities of the acquisition are assigned to those units.

The results of businesses acquired during the year are included in the consolidated financial statements from the date on which control, joint control or significant influence is obtained.

Where goodwill forms part of a CGU, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

2. Principal accounting policies (continued)

Revenue recognition

Revenue is income arising from the provision of services and delivery of goods in the ordinary course of the Group's activities, net of value added taxes. Revenue is recognised when performance obligations are satisfied, and control has transferred to the customer as noted below by product type. Control is normally evidenced by the customer signing for the transaction when the service is performed where upon the customer has control over the use of the funds. Revenue is measured at the fair value of the consideration received or receivable, considering contractually defined terms of payment in relation to when the performance obligation is met.

The transaction price represents the price to which the Group expects to be entitled, consistent with contractually defined terms, in return for providing services and delivering goods to its customers.

The Group has concluded that it is the principal in its revenue arrangements as it is the primary obligor in these arrangements, has pricing latitude and is also exposed to inventory and credit risks.

Foreign currency revenue

Revenue consists of fees, commissions, and currency margins on foreign exchange sales orders.

Currency margin is the difference between the selling price and cost of currency. Fees, commissions, and currency margins are recognised at the point in time at which the currency is collected by the customer and the service is performed.

Revenue earned through ATM transactions

Revenue comprises commission-based fees on customers making ATM transactions and interchange fees. Fees are recognised at the point in time at which the transaction with the customer takes place and the service is performed.

Revenue related to outsourced travel money services

Revenue relating to outsourced travel money services for banknotes and wholesale banknote fulfilment consists of margin, commission and fees charged on the fulfilment of currency orders, net of rebates. Margin, commissions, and fees are recognised when the transaction is deemed to be fulfilled (generally on delivery) and the service is performed.

Cost of sales

Cost of sales includes direct selling costs including staff and lease costs.

Government grants

Government grants are recognised where there is reasonable assurance that the grants will be received and that the Group will comply with the conditions attached to them. Government grants that compensate the Group for expenses incurred are recognised in the consolidated statement of income as a deduction against the related expense, over the periods necessary to match them with the related costs.

Employee benefits

Contributions to the Group's defined contribution pension schemes are charged to the consolidated statement of income as incurred.

2. Principal accounting policies (continued)

Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For most entities this is the currency of the country in which they are located. For the purpose of the consolidated financial statements, the results and financial position of each entity are reported in British pounds (GBP), which is the presentational currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. All resulting differences are taken to the consolidated statement of income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in British pounds using the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as other comprehensive income and transferred to the Group's translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the Group's closing rate of the month in which the transaction occurs.

Finance income

Finance income is recognised as interest accrues using the effective interest method. The effective rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount. Finance income also includes foreign currency exchange gains on the retranslation of loans and gains arising from changes in the fair value of interest rate swap instruments.

Taxation

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the relevant taxation authorities and computed using tax laws and rates enacted or substantially enacted by the balance sheet date in the countries in which the Group operates.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is, however, neither provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred income tax assets are recognised only to the extent that it is probable that there will be sufficient taxable profits against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Management bases its assessment of the probability of offset against future taxable income on the Group's latest approved forecasts, which are adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit.

2. Principal accounting policies (continued)

Taxation (continued)

The specific tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, then deferred tax asset is recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Deferred tax is provided in respect of fair value adjustments arising on acquisitions. Provision for deferred tax is based on the difference between the carrying value of the asset and its income tax base.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rate that is expected to apply when the related asset is realised or liability is settled, based on tax rates enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset in the consolidated statement of financial position only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Group to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise, income tax is recognised in the consolidated statement of income.

Uncertainties in relation to tax positions are measured and reflected in accordance with IFRIC 23. Uncertainties have been provided for within income tax payable to the extent that it is considered probable that the tax position taken by the Group will ultimately not be accepted by the relevant authorities. The amount provided is calculated using the ‘mostly likely’ or ‘expected value’ methods, whichever is most appropriate. Uncertainties in relation to tax assets have been reflected within current and deferred tax assets which are recognised only where it is probable that the adopted tax position will be accepted by the relevant authorities.

Intangible assets

Intangible assets acquired separately

Intangible assets (including computer software) acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with a definite life are amortised on a straight-line basis over their estimated useful lives. A useful life of between 3 and 10 years has been applied to computer software. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Amortisation expense relating to acquired computer software is included within operating expenses in the consolidated statement of income.

Internally generated software development costs

Internally generated software development costs comprise internal and third-party consultancy costs incurred in association with the development of in-house digital capabilities.

2. Principal accounting policies (continued)

Internally generated software development costs (continued)

Internal and external costs are capitalised to the extent that they are directly attributable to the development of internally generated software provided they meet all of the following recognition criteria:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale can be demonstrated;
- The Group intends to complete the intangible asset and use or sell it;
- The Group is able to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits and the group can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- Adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset; and
- The expenditure attributable to the intangible asset during its development can be measured reliably.

Capitalised costs are amortised on a straight-line basis over their estimated useful lives of between 3 and 10 years from the date the internally generated software is available to use.

Goodwill

At the acquisition date, the excess of the fair value of the investments in subsidiaries over the fair value of net assets acquired, which is not otherwise allocated to individual assets and liabilities, is determined to be goodwill. Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to the Group's CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units. Goodwill is reviewed for impairment annually, or more frequently if there is an indication of impairment.

Impairment of goodwill is determined by assessing the recoverable amount of the CGU to which the goodwill relates. Where the recoverable amount of the CGU is less than the carrying value of the CGU to which goodwill has been allocated, an impairment loss is recognised in the Group's consolidated statement of income. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets other than goodwill

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset, and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, other intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Brands
Identifiable brands acquired and recognised as part of a business combination are recognised at fair value at the acquisition date using the royalty or multi-period excess methods. Brands are considered to have a finite useful life and are amortised on a straight-line basis over their expected useful lives of 10 years from the date they are available to use.

Customer relationships
Customer relationships represent relationships recognised as part of a business combination and are accounted for at fair value at the acquisition date using the excess earnings approach. Customer relationships are considered to have a finite useful life and are amortised on a straight-line basis over the expected term of the relationship (ranging between 6 and 23 years) from the date they are available to use.

2. Principal accounting policies (continued)

Intangible assets other than goodwill (continued)

License
Travelex Brazil holds a banking licence from the Brazilian Central Bank that enables it to offer products including opening of accounts denominated in foreign currency, closing exchange for import and export, payments in and transfers of foreign exchange and foreign currencies wholesale. This license represents a key driver in the cash generating potential of the business as part of the business combination and was accounted for at fair value at the acquisition date using the excess earnings on a with and without licence approach. The useful life of the banking licence is considered to be indefinite given that it has no expiration date.

Derecognition of intangible assets

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income.

Impairment of tangible and intangible assets excluding goodwill

When events or changes in circumstances indicate that the carrying amount may not be recoverable, the Group reviews the carrying amounts of its tangible and intangible 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). Where the asset does not generate cash flows that are largely independent of those from other assets or group of assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units (CGUs), or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. Intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. As most rates which are observable in the market, including inputs into the weighted average cost of capital formula, are on a post-tax basis, a post-tax discount rate is used to discount estimated future cash flows.

If the recoverable amount of an asset or its CGU is estimated to be less than its carrying amount, the carrying amount of the asset or its CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of income. Impairment losses for cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to that CGU. Any remaining impairment loss is charged pro rata to the other assets in the CGU.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the recoverable amount of the asset (or CGU)'s. If the recoverable amount of an asset (or CGU) is estimated to be more than its carrying amount, the carrying amount of the asset (or CGU) is increased to its recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset (or CGU) does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. An impairment reversal is recognised immediately in the consolidated statement of income.

2. Principal accounting policies (continued)

Property, plant, and equipment

Property, plant, and equipment are initially recorded at cost and depreciated so as to write off the cost of the asset over its estimated useful life. Cost includes expenditure which is directly attributable to bringing the asset into working condition for its intended use. Such expenditure includes costs of site preparation and related professional fees.

Assets in the course of construction represent assets which are in development and have not yet been brought into use and are not available for use. These assets are reviewed at least annually for indicators of impairment. Depreciation is charged so as to write-off the cost of assets, other than assets under construction, over their estimated useful lives on a straight-line basis using the following rates:

Freehold and long leasehold property	2% per annum or over the lease term if shorter
Short leasehold property	10 – 20% per annum or over the lease term if shorter
Fixtures and fittings	10 – 50% per annum
Computer hardware	10 – 33.3% per annum

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

An item of property, plant and equipment and any significant part initially recognised, is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognised.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether, throughout the period of use, the customer has both of the following:

- The right to obtain substantially all of the economic benefits from the use of the identified asset; and
- The right to direct the use of the identified asset.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets at commencement of the lease.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

2. Principal accounting policies (continued)

Right-of-use assets continued

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset, or the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right of use asset reflects that the Group will exercise a purchase option. In that case, the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The right-of-use assets are tested for impairment if there are any indicators of impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The incremental borrowing rate is specific to the term, country, currency and start date of the lease. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date ;
- Amounts expected to be paid under residual value guarantees;
- The exercise price of a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and payments of penalties for terminating the lease early, unless the Group is reasonably certain not to terminate early.

After the commencement date, the lease liability is measured at amortised cost using the effective interest method. The amount of the lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of the lease liability is remeasured when there is a change in future lease payments resulting from a change in an index or rate used to determine such lease payments, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in the consolidated statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

Leases of low value assets and short-term leases of 12 months or less are expensed in the consolidated statement of income on a straight-line basis over the lease term, as are variable payments dependent on performance or usage, 'out of contract' payments and non-lease service components.

Cash flows

Cash flows relating to interest on lease liabilities is included in interest paid, within cash flows from financing activities.

2. Principal accounting policies (continued)

COVID-19-related rent concessions

The Group has applied COVID-19-Related Rent Concessions – Amendment to IFRS 16. This amendment is only valid up to 30th June 2022. Up to this date, the Group applied the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances and recognises all eligible rent concessions as negative variable rent in the profit or loss. For rent concessions that do not qualify for the practical expedient, the Group accounts for them as lease modifications.

Trade and other receivables

Trade and other receivables are initially recognised at fair value, which is generally the same as invoiced amount, and subsequently measured at amortised cost. Trade receivables are predominantly short-term and so the effects of time-value of money are not considered material.

The Group records an expected credit loss (ECL) on its trade and other receivables either on a 12-month or lifetime basis. The Group has recorded the lifetime expected losses on trade and other receivables without significant financing component.

ECLs are based on the difference between the contractual cash flows in accordance with the contract and the cash flows expected to be received. For the Group, the main classes of financial asset held at amortised cost which are subject to ECL measurement requirements include trade receivables, other receivables, and cash at bank.

The simplified approach model has been created based on the aging analysis from the date that the receivable becomes due. The model estimates the probability of debt moving to subsequent aging bucket and ultimately the over 90 days bucket and multiplies by the estimate of probability of bad debt write offs. Management applies judgement when determining the percentage of default to be applied to the various maturity profiles. The general approach was applied for other debtor balances.

Cash and cash equivalents

Cash and cash equivalents in the consolidated balance sheet comprise cash at banks, in hand and in short-term deposits which can be recalled in three months or less from the date of acquisition, which are highly liquid and readily convertible into a known amount of cash, is subject to insignificant risk of changes in value and which are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

When the business processes a sales order from stock, in some cases, as the physical delivery of the currency may not have occurred it is classified as cash in transit until the performance obligation is completed, when the customer takes delivery (control) of the currency (normally when signing for the receipt of the currency).

Money received from prepaid card customers is restricted for use in the settlement of the associated liability. Any related funds which have been put on deposit with a 3 month or longer term are not included in cash and cash equivalent figures.

At the balance sheet date cash and cash equivalent excludes cash in vaults which is not fully under the Group's control.

Inventory

Inventory primarily relates to stocks of electronic SIM and prepaid cards for sale to customers.

2. Principal accounting policies (continued)

Financial instruments

Financial assets

Financial assets in the consolidated balance sheet are trade and other receivables. Trade and other receivables are non-derivative financial assets with fixed or determinable payment values that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Trade and other receivables are initially recognised at fair value, which is generally the same as the invoiced amount, and subsequently measured at amortised cost. Balances are written off when the probability of recovery is assessed as being remote. Other receivables are subsequently carried at amortised cost. Gains and losses are recognised in the consolidated statement of income when other receivables are derecognised or impaired, as well as through the amortisation process.

Debt instruments at FVTPL

Debt instruments at FVTPL are government bonds that are held for trading. As such the business model is not to collect the contractual cash flows and the contractual terms of the asset give rise to cash flows that are not solely payments of principal and interest, but also include fair value movements based on the quoted price of the debt instrument. These government bonds are a regulatory requirement with these securities used as collateral for the local futures and clearing house as part of our banking operations. These investment securities are purchased for the purpose of being active for short-term profit-making through trading activities, with all changes in fair value being taken to the Revenue line in the Consolidated statement of income as deemed part of our ordinary trading activities.

Derecognition of financial assets

A financial asset is primarily derecognised when; the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Derecognition of financial assets

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial liabilities

Borrowings and other financial liabilities

Borrowings and other financial liabilities, including loans, are initially measured at fair value, net of transaction costs. Borrowings and other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

2. Principal accounting policies (continued)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Derivative financial instruments

The Group may enter into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange spot and forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the reporting period date. The resulting gain or loss is recognised immediately in the consolidated statement of income.

The fair value of derivatives is classified as a non-current asset or liability if the remaining maturity of the relationship is more than 12 months and as a current asset or liability if the remaining maturity of the relationship is less than 12 months.

The Group does not apply hedge accounting.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of income.

Fair value measurement

The Group measures financial instruments, such as derivatives, at fair value at each balance sheet date. 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.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value of our debt instruments at FVTPL are measured using the quoted price for the government bonds in the active market.

2. Principal accounting policies (continued)

Fair value measurement (continued)

Foreign exchange contracts (apart from Brazil banking operations) are valued using either observable foreign exchange rates, observable or calculated forward points. For Brazil operations, all foreign exchange contracts are valued using the Central Bank average spot rate of the day. The impact of using the spot rate as an approximation for fair value rather than forward points is deemed immaterial given the short settlement periods.

Both, government bonds and foreign exchange contracts are valued using directly observable inputs and disclosed as Level 1 in fair value hierarchy. Where relevant market prices are available, these have been used to determine fair values. In other cases, the fair values have been calculated using quotations from independent financial institutions, or by using valuation techniques consistent with general market practice applicable to the instrument.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. For our banking operation derivatives any off-set has been applied on a contract-by-contract basis.

Debt notes with equity issued simultaneously

The subordinated secured notes issued which encompass the issuance of debt and equity shares simultaneously have been determined under IFRS 9 guidelines to be treated as separate instruments and accounted for separately in the financial statements.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and the amount has been reliably estimated. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the date of the consolidated balance sheet, considering the risks and uncertainties surrounding the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. If the effect of the time value of money is material, long term provisions are discounted to their present values using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Principal accounting policies (continued)

Provisions (continued)

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation, is recognised as a separate asset. All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate of management.

Contingent liabilities

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination. These contingent liabilities are recognised in the course of the allocation of purchase price to the assets and liabilities acquired in the business combination.

The Group, as part of its day-to-day operations, provides guarantees to third parties and the contracts become present obligations if any of the third parties defaults on its rent. Guarantees are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The fees incurred for the performance of related financial guarantees are charged to the consolidated statement of income on an accrual's basis.

Share-based compensation – Equity-settled transactions

The cost of equity-settled transactions is recognised together with a corresponding increase in other reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for the period represents the movement in cumulative expense recognised as at the beginning and end of the period and is recognised in general and administrative expenses. Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any beneficial modification that increases the total fair value of the share-based payment transaction and those that increase the number of equity instruments granted as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cost based on the original award terms continues to be recognised over the original vesting period and an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification.

Share capital

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

Repurchase and reissue of ordinary shares (own shares)

When shares recognised in equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as own shares and are presented in the own share reserve. When own shares are sold or re-issued subsequently, the resale proceeds up to the weighted average purchase price of the resold shares is presented within retained earnings, and any excess above that is recognised in the share premium account.

2. Principal accounting policies (continued)

Alternative performance measures

Management uses a range of measures to monitor and assess the Group's financial performance, including those calculated in accordance with IFRS, and other, alternative performance measures (APMs).

The Group uses the following APMs to provide management, investors, and users of the financial statements with additional information to better understand the Group's performance and profitability:

- Non-underlying items
- EBITDA

Non-underlying items

To monitor the financial performance of the Group, certain items are excluded from the performance measure. Items which the Group excludes from the performance measure are classified as "non-underlying items". The term "non-underlying items" is not defined under IFRS and may not be comparable with similarly titled profit measures reported by other companies.

In determining if an event or transaction is should be classified as non-underlying, the Directors consider quantitative and qualitative factors such as the nature of the item, cause of occurrence, frequency, precedent for similar items and the commercial context for the particular transactions, and the scale of impact of that item on the reported finance performance, while ensuring consistent treatment between favourable or unfavourable transactions impacting income and expense. Reversals of previous non-underlying items are assessed based on the same criteria. For tax items to be treated as non-underlying, amounts must be material and their treatment as non-underlying enables a better understanding of the Group's underlying financial performance. Non-underlying items in the Group's financial statements are classified on a consistent basis across accounting periods.

Items that are considered to be non-underlying and that are therefore separately identified in order to aid comparability may include the following:

- Profits or losses resulting from the disposal of a business or investment;
- Gains on bargain purchase upon acquisitions;
- Costs incurred in association with business combinations, such as legal and professional fees and stamp duty that are excluded from the fair value of the consideration of the business combination;
- Significant major group restructuring and integration costs that are incurred following a material change in business operations;
- Impairment charges and reversals in respect of intangible assets acquired in a business combination;
- Tax charges and credits in respect of the above items; and
- Significant tax charges and credits in respect of changes in legislation.

Non-underlying items are detailed in note 6 to the financial statements.

Earnings before interest, tax, depreciation, and amortisation (EBITDA)

The Group's internal performance monitoring and management framework utilises the EBITDA measure as a key performance indicator for the Group. EBITDA represents operating profit before depreciation and amortisation.

The above measures represent the equivalent IFRS measures but are adjusted to exclude items that the Group consider would prevent comparison of the Group's performance both from one reporting period to another and with other similar businesses. Presentation of these measures is not intended to be a substitute for or to promote them above statutory measures.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The critical judgements that have been made in arriving at the amounts recognised in the Group's financial statements and the key sources of estimation and uncertainty that have a significant risk of causing material adjustment to the carrying values of assets and liabilities within the next financial year are as follows:

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Consolidated Financial Statements:

Going concern

The key judgements in relation to the going concern assessment have been addressed within the going concern accounting policy in Note 2 Accounting policies.

Basis of consolidation

In determining whether the Group controls an investee, management exercises judgement as to whether the Group has all of the following:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that holding half of the voting rights within an entity would result in having control. To support this presumption and when the Group has less than half of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

Despite the Group holding over half of the voting rights in Travelex (Thailand) Limited, management has determined that the Group has joint control, and not control, over this investee. This is largely due to decisions regarding key relevant activities (being the approval of the annual budget and the appointment / dismissal of key management) requiring unanimous agreement of both parties.

In addition, despite the Group holding less than half of the voting rights in Travelex Qatar QSC, management has determined that the Group has joint control, and not significant influence, over this investee. This is largely due to key substantive decisions (including approval of material transactions – where materiality is set at a level well below a protective threshold – and the approval of the annual budget) requiring approval by both shareholders.

Furthermore, despite the Group holding less than half of the voting rights in Travelex Exchange Emirates LLC, management has determined that the Group has control, and not significant influence, over this investee. This is largely due to the Group having control of the Board of Directors and having substantive rights to unilaterally make decisions regarding relevant activities (including approval of the annual budget and appointment of key management). Judgements were exercised in relation to the timing of when the control over the subsidiaries are obtained, and the grouping of acquisitions by acquisition date.

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

Basis of consolidation (continued)

The Group has determined that control is transferred at the date regulatory approval or approval from any third party as part of any joint venture arrangements is obtained and the shares of the relevant entities are legally transferred.

In relation to the 2020 acquisitions, it was judged that the businesses acquired on the same date should be treated as a single acquisition as they were purchased from the same counterparty in a single SPA agreement. Transfer of further businesses on subsequent dates have been treated as separate business combinations. Refer to note 13 for further detail.

Determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Information considered in the determination of the lease term include: the initial lease term, the length of the renewal option, and current and future trading performance. The assessment is first undertaken at the commencement date of the lease, and subsequently when there is a significant event or significant change in circumstances.

Estimates and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are described below. The Group based its assumptions and estimates on parameters available when the Consolidated Financial Statements were prepared. However, 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.

Impairment of intangible assets

Where there are indicators of impairment, or on an annual basis, management performs an impairment test. The recoverable amount of the asset (or its CGU) is the higher of value-in-use and fair value less cost of disposal. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Value-in-use is calculated using a discounted cash flow model from cash flow projections based on the Group's three-year internal forecasts.

In measuring value-in-use, management have:

- Based cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over definite life intangible assets, property, plant and equipment, and right-of-use assets.
- Based cash flow projections on the Group's three-year internal forecasts approved by the Board.
- Estimated cash flow projections beyond the period of three years by extrapolating the projections based on the forecasts using an estimate of long-term growth rates for subsequent years. This rate reflects the weighted average long-term growth rate for the countries in which the CGU operates.

Refer to Note 11 for assumptions applied to estimate future cash flows. Key critical accounting estimates in the discounted cash flow model are EBITDA and overheads.

4. Revenue from contracts with Customers

In millions of British pounds	2022	2021
UK & Africa[1]	147.8	38.2
Brazil	69.0	-
MET[2]	55.1	16.5
ANZ[3]	38.2	7.3
Europe[4]	30.4	-
Asia[5]	24.6	6.8
Other[6]	3.4	6.6
Total revenue from contracts with customers	**368.5**	**75.4**

1 Region includes Nigeria from 1 June 2022.
2 MET includes UAE, Oman, Bahrain and Turkey from 1 April 2022.
3 Region includes Australia and New Zealand.
4 Europe includes Switzerland, Czech Republic (from 1 June 2022), Netherlands (from 1 June 2022) and Germany (from 1 November 2022).
5 Asia includes Japan, China, Malaysia, Singapore, and Hong Kong.
6 Included within "Other" is revenue of £2.2m (£3.1m 2021) recognised under existing performance contracts for balances held on prepaid cards issued by the business for customers to draw down on as required which is managed from the UK.

Prepaid cards are loaded with currency for use as the customer requires rather than receiving physical cash. Revenue is recognised initially when the currency is loaded onto the card and fees are charged when cards are used in ATM's or stores to withdraw the funds. The unrecognised balance of the performance contract is disclosed in Note 18 Trade and other payables.

Revenue from contracts with customers is categorised in accordance with the CGU definitions highlighted in note 11, representing the most appropriate categorisation of revenue streams affected by common economic factors and uncertainty over the related cash flows.

5. Other income

In millions of British pounds	Note	2022	2021
Income from recharge of services to non-group entities[1]		0.5	5.8
		0.5	**5.8**

[1]Other income relates to the recharge of services to entities from the old Travelex Group, which joined the Group in 2022.

6. Non-underlying items

In millions of British pounds	Note	2022	2021
Non-underlying income			
Gain on equity investments acquisitions	13	-	7.9
Gain on acquisitions [1]	13	59.7	21.7
Insurance proceeds related to malware incident		-	14.9
		59.7	**44.5**
Non-underlying expenses			
Group restructuring project [2]		(4.1)	(8.4)
Corporate Finance project		(0.2)	-
		(4.3)	**(8.4)**
Non-underlying net income		**55.4**	**36.1**

[1] As at 31 December 2022, one-off gains on bargain purchase of £59.7m (2021: £17.5m) based on the fair value of the assets acquired was compared to the consideration allocation based on EBITDA were recognised in the Group Consolidated Income Statement within non-underlying income as the new Travelex Group completed acquisitions at an agreed price from the old Travelex Group. Further, in 2021, the Group acquired Travelex Europe Limited which was not deemed to be a business and as such treated as an asset acquisition. Therefore, in 2021 the Group has recognised a £4.2m gain on acquisition for the excess of the fair value of the assets acquired when compared to the consideration allocated value of £nil.
[2] Group restructuring project expenses include the following costs as result of the restructuring of the new Group that started on 6th August 2020 and was substantially complete at the end of 2022.

Group restructuring project costs comprise:

In millions of British pounds	2022	2021
Legal and consultancy fees	(4.1)	(8.1)
Bonus costs	-	(0.1)
Other costs	-	(0.2)
	(4.1)	**(8.4)**

In 2022, £4.1m (2021: £8.4m) of expense was incurred of which £4.1m (2021: £6.9m) was paid during the financial year. Cumulative costs of £26.0m (2021: £21.9m) of which £23.0m (2021: £18.9m) has been paid relating to the restructuring as of 31 December 2022.

7. Finance income and costs

In millions of British pounds	2022	2021
Finance income:		
Other finance income	0.2	0.1
Net foreign exchange gain	0.5	-
	0.7	**0.1**
Finance costs:		
Bank loans and overdrafts	(2.7)	(2.1)
Interest payable on senior secured notes	(37.8)	(20.9)
Net foreign exchange loss	-	(3.3)
Fair value loss on cross currency swaps	(1.5)	(0.3)
Finance costs on lease obligations	(17.3)	(9.7)
	(59.3)	**(36.3)**

8. Profit before tax

Profit before tax is stated after charging:

In millions of British pounds	Note	2022	2021
Depreciation of owned property, plant and equipment	12	(5.8)	(4.7)
Depreciation of leased assets	21	(32.3)	(25.8)
Amortisation of intangible assets	11	(17.0)	(16.3)
Costs included in Cost of Sales include:			
Employee costs	9	(56.1)	(21.0)
Rent expenses		(61.9)	5.4
Sales and distribution costs		(33.6)	(4.8)
Other costs		(9.0)	(1.4)
Total of Cost of Sales		**(160.6)**	**(21.8)**
Costs included in Operating expenses include:			
Employee costs	9	(76.6)	(39.0)
Net amount recognised in the income statement in relation to short-term, low value, and variable leases		(5.5)	0.1
Loss on disposal of intangible and tangible assets		(0.2)	(0.9)
Impairment of intangible assets	11	(0.1)	-
Bad debts written off		(0.5)	0.1
IT support & maintenance		(19.6)	(11.7)
Property related costs		(6.2)	(4.1)
Insurance costs		(2.6)	(2.1)
Professional fees including consultancy		(11.9)	(5.4)
Other operating costs*		(19.4)	(7.0)
Auditors' remuneration:			
Audit fee in respect of the Group's consolidated financial statements		(2.2)	(3.1)
Audit fee in respect of the Group's subsidiary company financial statements		(5.7)	(2.5)
Audit-related assurance services		(0.3)	(0.2)
Tax compliance services		(0.5)	(0.1)
Total of Operating expenses		**(151.3)**	**(75.9)**

*Other operating costs include marketing, office, and other general operating expenses.

9. Employees and Directors

Average monthly number	2022	2021
Retail	3,540	2,012
Wholesale & Outsourcing	212	184
Payments & Technology	140	6
Corporate and Shared services	1,367	938
	5,259	**3,140**

Employee costs

In millions of British pounds	2022	2021
Wages and salaries	117.2	52.2
Share based compensation	1.3	0.1
Social security costs	10.2	4.8
Other pension costs	4.0	2.9
	132.7	**60.0**

Employee costs directly related to revenue generation of £56.1m in 2022 (2021: £21.2m) are included in cost of sales.

Directors' remuneration

In millions of British pounds	2022	2021
Aggregate emoluments excluding pension contributions and share based compensation	2.3	1.3
Pension contributions	-	-
	2.3	**1.3**

No director had benefits accruing under defined contribution pension arrangements in 2022 or 2021. The emoluments, excluding pension contributions, of the highest paid Director were £1.0m (2021: £0.8m). The Group made no contributions (2021: £nil) to the highest paid Director's pension arrangements.

10. Income tax charge

The relationship between the domestic statutory tax rate of the Group at 19.00% (2021:19.00%) and the reported tax charge in the income statement can be reconciled as follows, also showing major components of the tax charge:

In millions of British pounds	**2022**	**2021**
Profit / (loss) before tax	**1.4**	**(62.0)**
Domestic tax rate for the Group	**19.00%**	**19.00%**
Expected tax (credit)/charge	**0.3**	**(11.8)**
Bargain purchase gains on acquisition	(11.2)	(5.6)
Legal/Professional/Entertainment	0.7	0.4
Adjustments for tax rate differences in foreign jurisdictions	(0.1)	(1.5)
Non-deductible finance costs	6.9	3.8
Other non-deductible expenses	4.1	2.6
Equity accounted investments and goodwill	(0.2)	(0.1)
Prior year tax losses recognised	(9.6)	-
Current year tax losses not recognised	2.2	6.4
Other temporary differences not recognised	2.5	0.0
Other adjustments in respect of prior years	(1.2)	(1.5)
Tax credit on continuing operations	**(5.6)**	**(7.3)**
Tax credit comprises:		
Current tax charge / (credit) – Current year	7.2	0.3
- Prior periods	(0.5)	(1.5)
Origination and reversal of temporary differences:		
Tax losses	(10.8)	(2.5)
Property, plant and equipment	2.1	(4.5)
Short term temporary differences	(3.6)	0.9
Net tax credit	**(5.6)**	**(7.3)**
Tax credit on ordinary activities	(5.3)	(7.3)
Tax credit on non-underlying items	(0.3)	-
Tax credit as shown on the income statement	**(5.6)**	**(7.3)**

11. Intangible assets

2022 *In millions of British pounds*	Goodwill	Computer software	License	Customer relationships	Brand	Assets under development	Total
Cost							
At 1 January 2022	**5.0**	**22.8**	**-**	**55.8**	**56.7**	**1.3**	**141.6**
Acquisition of subsidiaries	2.6	3.2	10.1	41.8	-	-	57.7
Additions	-	1.9	-	0.1	-	1.8	3.8
Disposal	-	(1.2)	-	-	-	-	(1.2)
Transfer	-	1.6	-	-	-	(1.6)	-
Exchange adjustments	-	0.2	-	-	-	0.1	0.3
At 31 December 2022	**7.6**	**28.5**	**10.1**	**97.7**	**56.7**	**1.6**	**202.2**
Amortisation and Impairment							
At 1 January 2022	**-**	**12.4**	**-**	**3.2**	**10.8**	**-**	**26.4**
Impairment	-	0.1	-	-	-	-	0.1
Charge for the period	-	6.4	-	5.2	5.4	-	17.0
Disposal	-	(0.8)	-	-	-	-	(0.8)
At 31 December 2022	**-**	**18.1**	**-**	**8.4**	**16.2**	**-**	**42.7**
Net book value							
At 31 December 2022	**7.6**	**10.4**	**10.1**	**89.3**	**40.5**	**1.6**	**159.5**

2021 *In millions of British pounds*	Goodwill	Computer software	Customer relationships	Brand	Assets under development	Total
Cost						
At 1 January 2021	**-**	**24.3**	**32.6**	**56.7**	**2.2**	**115.8**
Acquisition of subsidiaries	5.0	0.4	23.2	-	0.4	29.0
Additions	-	0.2	-	-	1.5	1.7
Disposal	-	(2.4)	-	-	(0.7)	(3.1)
Transfer	-	0.4	-	-	(2.1)	(1.7)
Exchange adjustments	-	(0.1)	-	-	-	(0.1)
At 31 December 2021	**5.0**	**22.8**	**55.8**	**56.7**	**1.3**	**141.6**
Amortisation and Impairment						
At 1 January 2021	**-**	**4.8**	**0.8**	**5.1**	**-**	**10.7**
Charge for the period	-	8.2	2.4	5.7	-	16.3
Disposal	-	(0.6)	-	-	-	(0.6)
At 31 December 2021	**-**	**12.4**	**3.2**	**10.8**	**-**	**26.4**
Net book value						
At 31 December 2021	**5.0**	**10.4**	**52.6**	**45.9**	**1.3**	**115.2**

11. Intangible assets (continued)

Of the £7.6m (2021: £5.0m) of goodwill, a total of £7.1m is allocated to the UK cash generating unit.

Valuation

The method used to initially value intangible assets other than goodwill involved reviewing all classes of intangible assets and liabilities according to the criteria set out under IFRS 3 and IAS 38. The key assumptions considered as part of the valuation process of intangible assets other than goodwill are listed below.

Licenses

The fair value of licenses on the acquisition dates during 2022 was estimated by analysing the cash flows of the licenses, as well as any potential delays in obtaining a replacement license due to the registration process. The key assumptions are the revenue and profitability attributable to the license. This was done by adopting a cash flow forecast model to derive a VIU of license. This approach has the following primary considerations and assumptions:

- Long term growth rate – rate of 2.9% used in the forecasts
- Remaining useful life – the useful life of the license is considered to be indefinite
- Discount rate – post-tax rate of 18%
- Tax rate – rate of 34%

Internally developed software

Software is held across all entities in all regions.

At acquisition, the replacement cost approach has been applied to software held by Travelex Central Services Ltd and Travelex Currency Exchange (China) Ltd.

For the remaining acquired entities, the costs incurred towards developing the software are recent and management expects that a market participant would also incur the same level of costs to replicate a software of a similar nature. Therefore, the capitalised software costs are considered to be approximate to fair value.

Customer relationships

The fair value of customer relationships on the acquisition date during 2022 and 2021 was estimated by analysing attrition and renewal probabilities, along with profitability, growth and contributory asset charges applicable to the revenue streams using the excess earning approach. This was done by adopting a Multi-Period Excess Earnings Methods (“MEEM”). The MEEM approach has the following primary considerations and assumptions:

- Long term growth rate – rate of 1.8% to 2.9% used in the forecasts (2021: 0.4% to 2.5%)
- Attrition – different rates used from nil to 25.5% based on expectation of customer’s lifetime (2021: 1.4% to 31.1%)
- Renewal – the probability of renewing an existing contract at the end of its contractual term of 95% (2021: 95%)
- Contributory asset charges – charges against the earnings made for any other contributing assets, including workforce, fixed assets, working capital, brand and software
- Remaining useful life – Consideration was given to the remaining useful life range of 7 to 23 years of customer relationships in the respective CGUs based on achieving the majority of the cash flows and benchmarking to comparable market data (2021: 6 to 25 years)
- Discount rate – post-tax rates between 14% to 18% have been used depending on regions of the respective CGUs (2021: 12% to 15%)
- Tax rate – rates of 25.8% to 34% (2021: 19% to 30.2%)

11. Intangible assets (continued)

Sensitivity analysis

The Group has conducted an analysis of the sensitivity to the change in the key assumption used to determine the impact of non-renewal of existing contracts at the end of the current contractual term for current year acquired customer relationships as at consolidation date for Travelex N.V. i.e. 1 June 2022. The sensitivity analysis below has been determined based on the reasonable possible change of this respective assumption, while holding all other assumptions constant.

With the scenario above applied would result in the following fair value for customer relationships from acquisition during the year ended 31 December 2022:

	Probability of 95% of renewal of existing contracts	Non-renewal after the current contractual period ending 2026
Customer Relationships (Travelex N.V. – refer to Note 13)	£28.0m	£13.8m

Impairment

No impairment was recognised in the year ended 31 December 2022 (2021: nil), relating to the Travelex brand.

Brand

The Travelex brand is a separately identifiable intangible asset as it can be licensed to a third party, so is subject to individual impairment review. As at 31 December 2022, there were indicators of impairment being the macro-economic environment, and an historical impairment of the asset.

As part of the impairment review the carrying value was compared to its value in use (VIU). The relief from royalty ("RfR") method was used to estimate the VIU of the brand at the balance sheet date, using a methodology consistent with the original valuation as described above. The RfR method has the following primary assumptions:

- A Post-tax discount rate of 14.8% (2021: 14%)
- Management's revenue forecasts at the balance sheet date for years 2023-25
- Long term growth rates of 2.2% (2021: 2.5%)
- Royalty rate 1% and 2% for wholesale and retail sale respectively (2021: 1% and 2%)
- Remaining useful life – 6 years and 4 months, based on characteristics of the brand, its presence in the market, benchmarking review and consideration of comparable market data
- Tax rate – effective 21% blended rate (2021: 21%)

The impairment review has resulted in no impairment.

Other assets

For the Group's remaining assets, including internally developed software, acquired customer relationship intangibles and licences, at 31 December 2022, there was an indicator of impairment being the macro-economic environment. For assets other than the brand, assets were grouped into cash generating units (CGUs) and tested for impairment.

11. Intangible assets (continued)

For assets other than the brand, assets were grouped into cash generating units (CGUs) and tested for impairment. The Group's CGUs are determined by Geography, which represents the lowest level at which cash inflows are largely independent of the cash inflows from other assets or groups of assets. The Group has also considered various other factors including how management monitors the entity's operations, and how management makes decisions about continuing or disposing of the entity's assets and operations.

The recoverable amounts for the cash generating units identified above were determined based on VIU.

The VIU estimations covered the Group's three-year forecast period followed by a terminal value of expected cash flows at a growth rate in the range of 0.6% to 3.3% (2021: 0.4% to 2.2%). The growth rates reflect the economic growth rates for the relevant Geography in which the cash generating units operate. The cash flow projections have been discounted using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU, adjusted for country, industry, and market risk. The rates used were between 13.28% and 16.24% (2021: 12.46% and 15.61%).

The key assumption is EBITDA which drives the free cash flow of each cash generating unit, which have been determined based on a combination of experience of the markets in which the Group operates and the expected growth in the forecast period.

No impairment was recognised in the year ended 31 December 2022 (2021: nil).

Sensitivity analysis

The Group has conducted an analysis of the sensitivity to changes in the key assumptions used to determine the impact on the intangible asset's impairment at 31 December 2022. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions, while holding all other assumptions constant: Any one of the following changes in assumptions could represent a reasonably possible scenario:

- 10% decrease in net revenue
- 5% increase in cost
- 1% increase in the discount rate

None of these reasonably possible scenarios would result in an impairment except for the Brand asset, UK and Europe CGU.

Each of the possible above scenarios when applied would result in the following impairment charge:

2022 ***In millions of British pounds***	**10% decrease in revenue**	**5% increase in cost**
Brand	(7)	-
UK CGU	(16)	(15)
Europe CGU	-	(5)

12. Property, plant, and equipment

2022 *In millions of British pounds*	Land and buildings	Fixtures and fittings	Computer hardware	Asset under construction	Total
Cost					
Opening balance 2022	**4.2**	**6.9**	**2.7**	**1.6**	**15.4**
Acquisition of subsidiary	1.2	2.2	0.7	-	4.1
Additions	2.0	0.9	0.8	1.7	5.4
Disposals	-	(0.2)	(0.3)	-	(0.5)
Transfers	0.3	1.0	0.3	(1.6)	-
Exchange adjustments	0.1	0.2	0.3	0.2	0.8
Balance at 31 December 2022	**7.8**	**11.0**	**4.5**	**1.9**	**25.2**
Depreciation					
Opening balance 2022	**1.8**	**1.7**	**1.2**	**-**	**4.7**
Charge for the period	1.7	2.9	1.2	-	5.8
Disposals	-	-	(0.3)	-	(0.3)
Exchange adjustments	-	-	0.2	-	0.2
Balance at 31 December 2022	3.5	4.6	2.3	-	10.4
Net book value At 31 December 2022	**4.3**	**6.4**	**2.2**	**1.9**	**14.8**
Opening balance 2022	**2.4**	**5.2**	**1.5**	**1.6**	**10.7**

2021 *In millions of British pounds*	Land and buildings	Fixtures and fittings	Computer hardware	Asset under construction	Total
Cost					
Opening balance 2021	**4.1**	**3.4**	**2.8**	**-**	**10.3**
Acquisition of subsidiary	0.2	2.6	0.3	1.3	4.4
Additions	-	0.5	-	0.7	1.2
Disposals	(0.1)	(0.3)	(0.5)	-	(0.9)
Transfers	0.2	0.9	0.1	(0.4)	0.8
Exchange adjustments	(0.2)	(0.2)	-	-	(0.4)
Balance at 31 December 2021	**4.2**	**6.9**	**2.7**	**1.6**	**15.4**
Depreciation					
Opening balance 2021	**-**	**0.2**	**0.6**	**-**	**0.8**
Charge for the period	1.8	1.7	1.2	-	4.7
Disposals	-	(0.1)	(0.5)	-	(0.6)
Exchange adjustments	-	(0.1)	(0.1)	-	(0.2)
Balance at 31 December 2021	1.8	1.7	1.2	-	4.7
Net book value At 31 December 2021	**2.4**	**5.2**	**1.5**	**1.6**	**10.7**
Opening balance 2021	**4.1**	**3.2**	**2.2**	**-**	**9.5**

13. Business Combinations and Acquisition of subsidiaries including acquisition of Joint Ventures

On 6 August 2020, Travelex Holdings Limited Group (the "old Travelex Group") reached agreement with at least 66.7% of Senior Secured Noteholders ("SSNs") and all its Revolving Credit Facility ("RCF") lenders on the terms of a comprehensive debt restructuring. Key participants in the SSNs took control of parts of the old Travelex Group via the new holding Company Travelex Topco Limited (Topco) and injected £84m of new money in the form of New Senior Secured Notes. A shareholder's agreement was signed by Topco and the new shareholders.

As a part of the restructuring Travelex Acquisitionco Limited (TACo) (an entity within the Group), during 2020, acquired 100% of the shares of each of the certain subsidiaries (Initial Fundco) of the old Travelex Group for a consideration of £67.7m. TACo also acquired the option to purchase other certain entities from the old Travelex Group (Opco). The £67.7m purchase consideration is for all the acquisitions including the Initial Fundco, which resulted in a prepaid consideration for the entities not yet acquired.

The Group has elected to measure the non-controlling interests (when applicable) in the acquiree under the proportionate share method.

During 2022, the shares of the following entities (Opco) have been successfully transferred into the Group on the respective date as detailed below.

Legal Entities	Date of consolidation	% Holding	Relationship
Travelex Doviz Ticaret Yetkili Muessese AS (and subsidiary: Travelex Ankara Doviz Ticaret Yetkili Muessese AS)	01-Apr-22	75	Subsidiary
Travelex Do Brasil Holding Financeira Ltda (and subsidiaries: Travelex Banco de Cambio SA; and Confidence Corretora de Cambio SA)	01-May-22	100	Subsidiary
Travelex Do Brasil Holding Nao Financeira Ltda (and subsidiaries: Renova Serviços; TIHUM Tecnologica Limitada; Confidence Turismo S.A.; and Travelex Assessoria em Câmbio e Serviços Auxiliares)	01-May-22	100	Subsidiary
South American Cards Services Administradora De Cartoes S.A	01-May-22	100	Subsidiary
Travelex Czech Republic AS	01-Jun-22	100	Subsidiary
Travelex N.V.	01-Jun-22	100	Subsidiary
Travelex Nigeria Business Solutions Limited	01-Jun-22	100	Subsidiary
Travelex Retail Nigeria Limited	01-Jun-22	100	Subsidiary
Travelex (Deutschland) GmbH	01-Nov-22	100	Subsidiary

13. Business Combinations and Acquisition of subsidiaries including acquisition of Joint Ventures (continued)

Assets acquired and liabilities assumed during 2022

The final fair values of the identifiable assets and liabilities as at the date of acquisition were:

Entities acquired on	1 April 2022	1 May 2022	1 May 2022	1 May 2022	1 June 2022	1 June 2022	1 June 2022	1 June 2022	1 November 2022	
£m	Turkey	Brazil (Financeira)	Brazil (Nao Financeira)	Brazil (SACS)	Czech Republic	Netherlands	Nigeria (Business Solutions)	Nigeria (Retail)	Germany	Total
Non-current assets	**1.2**	**39.0**	**-**	**3.0**	**2.0**	**36.2**	**0.7**	**1.1**	**10.3**	**93.5**
Intangible assets	-	27.1	-	-	-	28.0	-	-	-	**55.1**
Property, plant and equipment	0.1	1.7	-	-	-	2.1	-	-	0.2	**4.1**
Right-of-Use assets	0.9	7.4	-	-	0.4	5.8	-	-	10.0	**24.5**
Trade and other receivables	0.2	0.8	-	3.0	1.6	0.3	0.7	1.1	0.1	**7.8**
Deferred tax asset	-	2.0	-	-	-	-	-	-	-	**2.0**
Current assets	**2.5**	**102.3**	**0.4**	**-**	**0.8**	**18.7**	**0.3**	**1.3**	**4.2**	**130.5**
Trade and other receivables	0.2	2.3	-	-	0.2	10.0	0.2	0.2	1.4	**14.5**
Debt instruments	-	17.1	-	-	-	-	-	-	-	**17.1**
Derivative financial assets	-	1.9	-	-	-	-	-	-	-	**1.9**
Tax receivable	-	-	0.1	-	-	0.3	-	-	-	**0.4**
Cash and cash equivalents	2.3	81.0	0.3	-	0.6	8.4	0.1	1.1	2.8	**96.6**
Current liabilities	**(0.3)**	**(88.5)**	**-**	**(2.0)**	**(0.4)**	**(21.1)**	**(1.2)**	**(3.1)**	**(4.4)**	**(121.0)**
Trade and other payables	(0.1)	(84.0)	-	(2.0)	(0.3)	(20.2)	(1.2)	(3.1)	(2.2)	**(113.1)**
Finance lease liabilities	(0.2)	(2.3)	-	-	(0.1)	(0.9)	-	-	(2.2)	**(5.7)**
Derivative financial liabilities	-	(1.3)	-	-	-	-	-	-	-	**(1.3)**
Tax payable	-	(0.9)	-	-	-	-	-	-	-	**(0.9)**
Net current assets / (liabilities)	**2.2**	**13.8**	**0.4**	**(2.0)**	**0.4**	**(2.4)**	**(0.9)**	**(1.8)**	**(0.2)**	**9.5**
Non-current liabilities	**(0.7)**	**(7.2)**	**-**	**-**	**(0.3)**	**(9.1)**	**-**	**(1.5)**	**(7.8)**	**(26.6)**
Finance lease liabilities	(0.7)	(4.8)	-	-	(0.3)	(4.9)	-	-	(7.8)	**(18.5)**
Provisions	-	(2.4)	-	-	-	(0.8)	-	(1.5)	-	**(4.7)**
Deferred tax liabilities	-	-	-	-	-	(3.4)	-	-	-	**(3.4)**
Total Identifiable net assets at fair value	**2.7**	**45.6**	**0.4**	**1.0**	**2.1**	**24.7**	**(0.2)**	**(2.2)**	**2.3**	**76.4**
Non-controlling interest	(0.7)	-	-	-	-	-	-	-	-	**(0.7)**
Bargain Purchase Gains arising on acquisition	(1.1)	(38.2)	(0.4)	(1.0)	(2.1)	(15.4)	-	-	(1.5)	**(59.7)**
Goodwill arising on acquisition	**-**	**-**	**-**	**-**	**-**	**-**	**0.4**	**2.2**	**-**	**2.6**
Purchase consideration transferred	**0.9**	**7.4**	**-**	**-**	**-**	**9.3**	**0.2**	**-**	**0.8**	**18.6**

13. Business Combinations and Acquisition of subsidiaries including acquisition of Joint Ventures (continued)

The goodwill is attributable to the synergies expected to be achieved from integrating the entities into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

As at 31 December 2021, the Group had an equity investment of £2.9m with Travelex Do Brasil Holding Financeira Ltd. This investment was initially recognised at FVTPL and subsequently measured at fair value up to the date of acquisition. Such investment was transferred to the Group in the current year as part of 100% acquisition of the entity and was attributed to the final purchase consideration of £7.4m for Travelex Do Brasil Holding Financeira Ltd. There were no re-measurement gains or losses as a result.

There was an additional consideration of £1.7m in relation to the acquisition of Travelex N.V. resulting in the final purchase consideration of £9.3m.

Of the total purchase consideration of £67.7m (without TFCS as the purchase price was agreed separately of £4m), £13.4m and £14.0m has been allocated to acquisitions that occurred in 2021 and 2022, respectively.

From the date of acquisition, the 2022 entities acquired contributed £98.2m of revenue and £15.2m profit to the profit before tax from continuing operations of the Group. If the acquisitions had taken place at the beginning of the year, revenue from continuing operations would have increased by £142.1m and profit before tax from continuing operations for the Group would have been increased by £27.7m.

During 2021, the shares of the following entities (Opco) have been successfully transferred into the Group on the respective date as detailed below:

Legal Entities	Date of consolidation	% Holding	Relationship
Travelex Holdings (S) PTE Limited Singapore –(THS)	01-Feb-21	100	Subsidiary
Travelex Bahrain WLL –(Bahrain)	01-Apr-21	75	Subsidiary
Travelex Currency Exchange & Payments SDN BHD (Malaysia)	01-Jun-21	70	Subsidiary
Travelex & Co LLC (Oman)	01-Jun-21	70	Subsidiary
Travelex (Thailand) Limited	01-Jun-21	62	Joint Venture
Travelex Emirates Exchange LLC (UAE)	01-Jul-21	40*	Subsidiary
Travelex Foreign Coin Services Ltd (TFCS)	01-Jul-21	100	Subsidiary
Travelex Qatar QSC	01-Sep-21	49**	Joint Venture
Travelex Switzerland AG (Switzerland)	01-Oct-21	100	Subsidiary

* The economic right is 55%
** The economic right is 60*

13. Business Combinations and Acquisition of subsidiaries including acquisition of Joint Ventures (continued)

Assets acquired and liabilities assumed (including Joint Ventures) during 2021

The final fair values of the identifiable assets and liabilities as at the date of acquisition were:

Entities acquired on £m	1 Feb 21 THS	1 April 21 Bahrain	1 Jun 21 Oman	1 Jun 21 Malaysia	1 July 21 Emirates	1 July 21 TFCS	1 Oct 21 Switzerland	Total	Equity Investments (Thailand)	Equity Investments (Qatar)	Total Equity
Non-current assets	**0.8**	**4.0**	**0.2**	**1.7**	**74.3**	**17.9**	**6.0**	**104.9**	**0.7**	**11.8**	**12.5**
Intangible assets	-	0.4	-	0.9	13.5	9.2	-	**24.0**	-	-	**-**
Property, plant, and equipment	0.2	-	-	0.2	1.6	2.3	0.1	**4.4**	-	-	**-**
Right-of-Use assets	0.3	3.0	-	0.6	57.8	6.4	5.9	**74.0**	-	-	**-**
Equity Investment	-	-	-	-	-	-	-	**-**	0.7	11.8	**12.5**
Trade and other receivables	0.3	0.6	0.2	-	1.4	-	-	**2.5**	-	-	**-**
Current assets	**4.5**	**4.4**	**1.8**	**9.9**	**13.4**	**3.8**	**1.3**	**39.1**	-	-	**-**
Trade and other receivables	1.2	0.4	0.3	1.8	1.0	0.5	0.4	**5.6**	-	-	**-**
Stock	0.3	-	-	-	-	-	-	**0.3**	-	-	**-**
Cash and cash equivalents	3.0	4.0	1.5	8.1	12.4	3.3	0.9	**33.2**	-	-	**-**
Current liabilities	**(1.1)**	**(0.5)**	**(0.2)**	**(1.3)**	**(5.6)**	**(15.7)**	**(0.8)**	**(25.2)**	-	-	**-**
Trade and other payables	(1.1)	(0.5)	(0.2)	(1.3)	(5.6)	(14.9)	(0.8)	**(24.4)**	-	-	**-**
Provisions	-	-	-	-	-	(0.8)	-	**(0.8)**	-	-	**-**
Net current assets / (liabilities)	**3.4**	**3.9**	**1.6**	**8.6**	**7.8**	**(11.9)**	**0.5**	**13.9**	-	-	**-**
Non-current liabilities	**(3.9)**	**(3.1)**	**(0.1)**	**(1.1)**	**(56.9)**	**(6.5)**	**(5.9)**	**(77.5)**	-	-	**-**
Finance lease liabilities	(0.3)	(2.9)	-	(0.6)	(55.8)	(5.6)	(5.9)	**(71.1)**	-	-	**-**
Provisions	-	(0.2)	(0.1)	(0.2)	(1.0)	(0.9)	-	**(2.4)**	-	-	**-**
Trade and other payables	(3.6)	-	-	(0.3)	(0.1)	-	-	**(4.0)**	-	-	**-**
Total Identifiable net assets at fair value	**0.3**	**4.8**	**1.7**	**9.2**	**25.2**	**(0.5)**	**0.6**	**41.3**	**0.7**	**11.8**	**12.5**
Non-controlling interest	-	(1.2)	(0.5)	(2.8)	(11.3)	-	-	**(15.8)**	-	-	**-**
Bargain Purchase Gains arising on acquisition	-	(3.2)	(0.7)	(5.3)	(8.3)		-	**(17.5)**	(0.7)	(7.2)	**(7.9)**
Goodwill arising on acquisition	**0.3**	**-**	**-**	**-**	**-**	**4.5**	**0.2**	**5.0**	**-**	**-**	**-**
Purchase consideration transferred	**0.6**	**0.4**	**0.5**	**1.1**	**5.6**	**4.0**	**0.8**	**13.0**	**-**	**4.6**	**4.6**

From the date of acquisition, the 2021 entities acquired contributed £35.4m of revenue and £4.5m loss to the loss before tax from continuing operations of the Group. If the acquisitions had taken place at the beginning of the year, revenue from continuing operations would have increased by £49.0m and profit before tax from continuing operations for the Group would have been decreased by £7.2m.

13. Business Combinations and Acquisition of subsidiaries including acquisition of Joint Ventures (continued)

Acquisitions of 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.

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	Valuation technique
Intangible assets	Goodwill is measured as the excess of the sum of the consideration transferred over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date as disclosed in note 11.
Property plant and equipment	Plant, machinery and fixtures and fittings are stated at depreciated replacement cost. This is considered a reasonable proxy for fair value.
Right of use assets	The right-of-use assets were measured at an amount equal to the corresponding lease liability, adjusted to reflect the unfavourable terms of the lease relative to market terms as applicable.
Trade and other receivables and payables	Trade and other receivables and payables are measured at their carrying amounts. Given their short-term nature, carrying amount for these items approximates their fair value
Deferred tax	Deferred tax assets or liabilities are measured in accordance with IAS 12.
Cash and cash equivalents	Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.
Finance lease liabilities	The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using its incremental borrowing rate in the lease.
Provisions	As per note 22 the amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, considering the risks and uncertainties surrounding the obligation.

The net assets recognised in the financial statements for acquisitions made in the current year were based on provisional assessment of their fair value. There were no measurement period adjustments posted for 2021. The Group had a measurement period off up to 12 months from the acquisition date to update this assessment based on any new information obtained about facts and circumstances that existed as at the acquisition date. On acquisition, the banking licence and customer relationships were fair valued, respectively, at £10.1m (£nil at 31 December 2021) and £41.9m (£23.0 at 31 December 2021) for December 2022.

As the consideration was not allocated to individual entities as part of the agreements and transactions described above, and due to the different acquisition dates determined for those entities, the consideration was split based on the EBITDA projections as at the date of transaction, 6 August 2020, reflecting the best estimate of the relative fair values of the business acquired. As at 31 December 2022, gains on bargain purchase of £59.7m (2021: £17.5m) were recognised in the Group Consolidated Income Statement within non-underlying income, because the new Travelex Group made acquisitions at a price agreed in 2020 from the old Travelex group that had entered into administration.

14. Trade and other receivables

In millions of British pounds	2022	2021
Current		
Trade receivables	22.0	6.6
Other receivables	14.0	10.6
Prepaid consideration	-	14.2
Other prepayments and accrued income	21.5	8.5
Amounts due from joint ventures	0.5	0.4
	58.0	**40.3**
Non-current		
Other receivables	5.7	5.9
	63.7	**46.2**

Other receivables within current assets includes sales VAT receivables, receivables from credit card providers and other receivables in the normal course of business. Other receivables within non-current assets includes security deposits. Prepaid consideration relates to the business combination described in note 13. At 31 December 2022 there is no prepaid consideration for future purposes.

15. Cash and cash equivalents

In millions of British pounds	2022	2021
Cash held in tills and vaults, and in transit	127.0	46.9
Funds received from prepaid card customers	23.0	34.3
Cash on deposit to meet regulatory requirements	29.1	-
Cash at bank	100.4	38.0
Cash and cash equivalents	**279.5**	**119.2**

Funds received from prepaid card represents funds where cash is placed on time deposit to meet regulatory requirements.

At 31 December 2022, the Group was party to arrangements which are used to facilitate stock orders which are not reflected on the balance sheet of £92.5m (2021: £40.0m).

Cash on deposit to meet regulatory requirements of £29.1m at 31 December 2022 (2021: nil) relates to cash held on overnight deposit in order to meet certain regulatory requirements in Brazil.

16. Other deposits

Other deposits of £7.6m in 2022 (2021: £7.6m) represent funds received from prepaid card customers placed with Banks where the original maturity date of the deposit is greater than three months.

17. Debt Instruments at FVTPL

In millions of British pounds	2022	2021
Brazil Government bonds	18.4	-
Debt instruments at FVTPL	**18.4**	**-**

Sovereign debt securities at FVTPL have stated interest rates of 9.25% to 13.75% and are held for trading. The gains and losses and interest income from these debt securities have been recognised within the Revenue line in the Group consolidated statement of income.

18. Trade and other payables

In millions of British pounds	2022	2021
Current		
Trade payables	110.9	18.7
Prepaid cards awaiting redemption	29.7	40.6
Other tax and social security	13.6	4.1
Other payables	7.3	6.3
Accruals and deferred income	67.9	28.6
	229.4	**98.3**

19. Borrowings

In millions of British pounds	2022	2021
Current		
Loan notes	1.5	1.0
Overdrafts	-	-
Borrowings	**1.5**	**1.0**
Lease liabilities	27.2	27.6
	28.7	**28.6**
Non-current		
Bank loans	50.0	50.0
Loan notes	269.8	163.9
Borrowings	**319.8**	**213.9**
Lease liabilities	117.5	74.1
	437.3	**288.0**
Total borrowings	**466.0**	**316.6**

On 8 February 2021, the Group announced a proposal to issue New Money Notes to raise funds of £60m, to provide the Group with fresh liquidity and to fund the working capital in anticipation of a return of consumer travel. These have been fully issued in three tranches of notes on the Vienna Stock Exchange MTF (Multilateral Trading Facility), with net funds received of £20m in February 2021, £25m in June 2021 and £15m in October 2021. The New Money Notes have a coupon rate of 12.5% and are subordinated secured notes due in July 2025 with the option for the borrower to accrue 12% of the interest in the final bullet payment. The notes were issued at a discount and incurred related fees amounting in total to £3.6m, £3.0m and £1.3m for each issuance respectively. In addition, £1.7m of transaction fees were capitalised and deferred over the New Money Notes term.

On 24 December 2021, the Group announced that they would issue a new note issuance on the Vienna Stock Exchange MTF amounting to net funds received of £35m on face value of £37.2m. The funds for this issuance were received on 7th January 2022. The security, coupon rate and term were the same as that of the prior issuances. The notes were issued at a discount of £2.2m and incurred capitalised transaction fees of £0.2m.

On 25 March 2022, the Group announced that they would issue a new note issuance on the Vienna Stock Exchange MTF amounting to net funds received of £35m on face value of £37m. The funds for this issuance were received on 11th April 2022. The security, coupon rate and term were the same as that of the prior issuances. The notes were issued at a discount of £2m and incurred capitalised transaction fees of £0.2m.

On 14 March 2023, the Group announced that they would issue a new note issuance on the Vienna Stock Exchange MTF amounting to net funds received of £20m on face value of £20.7m. The funds for this issuance were received on 3rd and 11th April 2023. The security, coupon rate and term were the same as that of the prior issuances. The notes were issued at a discount of £0.7m and incurred capitalised transaction fees of £0.3m.

19. Borrowings (continued)

The Group is subject to a Minimum Liquidity Covenant under the Group's Senior Term Facility Agreement. The Minimum Liquidity Covenant requires that:
(i) the aggregate amount of Cash and Cash Equivalent Investments of the Group shall not be less than £12,000,000 (or its equivalent in any other currencies) for three or more consecutive business days during the 13-week period to which the cash flow forecast in each Liquidity Statement relates; and
(ii) the aggregate amount of Cash and Cash Equivalent Investments of the Group is not less than £12,000,000 (or its equivalent in any other currencies) for three or more consecutive business days during the month or financial quarter (as applicable) to which the cash balance statement in each Liquidity Statement relates.
If the covenant were breached, the amounts outstanding on the loans would be reclassified as due on demand.

The notional debt split into issuances is as follows:

Issue	**Face value of debt**	**Carrying value of debt**
NMN – August 2020	£99.2m	£118.8m
NMN – February 2021	£22.6m	£25.4m
NMN – June 2021	£27.5m	£30.9m
NMN – October 2021	£16.1m	£17.7m
NMN – January 2022	£37.2m	£39.9m
NMN – April 2022	£37.0m	£38.6m

The Group has a bank guarantee indemnity facility with Barclays Bank plc for £9.6m at year end 2022 (2021 £9.6m) of which £9.2m (2021 £2.1m) of that facility was applied against contracts primarily with airports or airlines with third parties. Other bank guarantees amount to £13.8m at year end 2022 mainly relating to a facility with Abu Dhabi Commercial Bank for our United Arab Emirates operations. The Group has £6.6m (2021 £6.1m) surety guarantees with Euler Hermes, which have been issued in Hong Kong and New Zealand on behalf of the Group.

The table below shows the movement in borrowings during the period, including lease liabilities as described in note 21.

In millions of British pounds	**Short-term loans**	**Long-term loans**	**Lease liabilities**	**Total**
Balance as at 1 January 2022	**1.0**	**213.9**	**101.7**	**316.6**
Cash				
Interest payments	(2.4)	(1.2)	-	**(3.6)**
Payment of lease liabilities	-	-	(42.3)	**(42.3)**
Issuance	-	69.6	-	**69.6**
Non-cash				
Acquired with subsidiaries	-	-	24.2	**24.2**
Interest expense	2.7	37.8	17.3	**57.8**
Covid rent relief	-	-	(3.1)	**(3.1)**
Transfer	0.5	(0.5)	-	**-**
Additions	-	-	37.9	**37.9**
Disposals	-		(5.8)	**(5.8)**
Accrued interest	(0.3)	-	-	**(0.3)**
Exchange adjustments	-	0.2	14.8	**15.0**
Balance as at 31 December 2022	**1.5**	**319.8**	**144.7**	**466.0**

19. Borrowings (continued)

In millions of British pounds	Short-term loans and overdrafts	Long-term loans	Lease liabilities	Total
Balance as at 1 January 2021	**2.4**	**135.7**	**54.1**	**192.2**
Cash				
Interest payments	(2.1)	(0.8)	-	**(2.9)**
Payment of lease liabilities	-	-	(12.0)	**(12.0)**
Repayment of overdrafts	(1.7)	-	-	**(1.7)**
Issuance	-	58.3	-	**58.3**
Non-cash				
Acquired with subsidiaries	-	-	71.1	**71.1**
Interest expense	2.1	20.9	9.7	**32.7**
Covid rent relief	-	-	(22.0)	**(22.0)**
Transfer	0.3	(0.3)	-	**-**
Additions	-	-	6.7	**6.7**
Disposals	-		(5.2)	**(5.2)**
Exchange adjustments	-	0.1	(0.7)	**(0.6)**
Balance as at 31 December 2021	**1.0**	**213.9**	**101.7**	**316.6**

20. Financial instruments

The financial assets and liabilities held are set out below.

In millions of British pounds	Note	Financial assets held at amortised cost	FVTPL	Financial assets held at amortised cost	FVTPL
		2022		**2021**	
Financial assets					
Cash and cash equivalents	15	279.5	-	119.2	-
Other deposits	16	7.6	-	7.6	-
Trade and other receivables (current)	14	32.2	-	15.9	-
Debt instruments at FVTPL	17	-	18.4	-	-
Derivatives		-	3.7	-	0.4
Other receivables (non-current)	14	5.7	-	5.9	-
At 31 December		**325.0**	**22.1**	**148.6**	**0.4**

20. Financial instruments (continued)

In millions of British pounds	Note	Other financial liabilities held at amortised cost	FVTPL	Other financial liabilities held at amortised cost	FVTPL
		2022		2021	
Financial liabilities					
Borrowing (including lease liabilities and overdraft)	19	(466.0)	-	(316.6)	-
Trade and other payables	18	(147.9)	-	(65.6)	-
Derivatives		-	(3.2)	-	(0.3)
At 31 December		**(613.9)**	**(3.2)**	**(382.2)**	**(0.3)**

Financial risk management objectives and policies

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

Foreign currency risk

The Group has significant overseas operations conducting business in most foreign currencies. As a result, it is subject to foreign exchange exposures arising from the translation of the results and underlying net assets of its overseas subsidiaries and joint ventures, which is primarily managed by matching currency assets with currency borrowings. The largest currency liabilities are created from the sale of prepaid cards. All such liabilities are hedged by ensuring the card deposits are held in the same currencies as the liabilities. For operational reasons, the Group decided not to designate forward foreign currency and currency swap transactions as hedge accounting relationships. Consequently, all change in fair values of such derivatives are recognised in the income statement.

The Group holds currency stocks in the UK and elsewhere through which it is exposed to currency risk. These are monitored on a regular basis and hedged per the hedging policy and with approved instruments, with modest risk limits approved by the Board.

As at 31 December 2022, with all variables remaining constant, if the British pounds strengthened or weakened by 10% against these material balance of currencies at year end, this would have resulted in the following gain/(loss) to pre-tax loss as detailed in the table below:

In millions of British pounds	2022 Net exposure	2022 +10%	2022 -10%
United States Dollar	(0.96)	0.07	(0.09)
Euro	0.05	(0.00)	0.01

In millions of British pounds	2021 Net exposure	2021 +10%	2021 -10%
United States Dollar	(1.12)	0.07	(0.09)
Euro	0.21	(0.02)	0.02

20. Financial instruments (continued)

Cash flow and fair value interest rate risk

The Group borrows at both fixed and floating rates of interest. The Group's interest rate risk arises primarily from its borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk. The Group is exposed to cash flow interest rate risk due to changes in the SONIA. This variable rate makes up a portion of the interest rate on the external borrowings.

As at 31 December with all variables remaining constant, for a 2.0% change in interest rates, this would have resulted in the following (gain)/loss to pre-tax loss and equity (other than Retained Earnings), due to movement in the finance income and finance cost.

In millions of British pounds	2022 Income statement impact	2021 Income statement impact
2% increase (2021: 0.1% increase)	1.0	0.1
2% decrease (2021: 0.1% decrease)	(1.0)	(0.1)

Credit risk

Credit risk arises from cash and cash equivalents, trade receivables and to a lesser extent from other contractual financial obligations. The Group's credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract.

The Group monitors the split of cash and cash equivalents across the counterparties against their risk profile to ensure the counterparty credit risk is managed. The Group determines the concentration of credit risk by monitoring the credit ratings of counterparties regularly and will review its position with a counterparty where there is perceived increase in credit risk due to a change in the rating or significant increase in balance with a counterparty. At 31 December 2022, the Group's largest counterparty accounted for 26% (2021: 32%) of the Group's total exposure to cash and cash equivalents and other deposits.

Key counterparties with whom significant concentrations of risk exist as at 31 December 2022 include Barclays Bank Plc (Standard and Poor's (S&P) A rated), JPMorgan Chase & Co (Fitch AA- rated), ABN Amro Bank (S&P A rated) and Citibank (Fitch A+ rated). These counterparties differ to those reported as of 31 December 2021: Commercial Bank of Qatar (Fitch A- rated), Sumitomo Mitsui Banking Corporation (S&P A rated) and Deutsche Bank AG (Fitch BBB+ rated) were the largest counterparties in that year. The credit risk is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The table below provides further analysis of the credit rating of the counterparties holding our cash and cash equivalent balances disclosed on note 15 (excluding certain transactions that have not cleared in our bank accounts) based on Standard and Poor's ratings:

20. Financial instruments (continued)

In millions of British pounds	31 December 2022	31 December 2021
AA-	31.5	1.8
A+	37.4	1.4
AAA	0.7	-
A	10.3	43.1
A-	3.2	46.6
A2	0.1	-
BBB+	2.8	14.5
BBB-	2.2	2.4
BB+	0.4	-
BB	0.2	-
BB-	2.2	1.5
B	2.7	1.2
B-	1.0	-
B1	-	0.1
Not rated	2.6	0.6
As at 31 December	**97.3**	**113.2**

At 31 December 2022, there was no material, external lending meaning any credit risk is limited. However, previously the Group has put in place procedures to limit the exposure to credit related losses in the event of non-payment by customers. The risk is managed through Group policies, which require new customers to be reviewed for creditworthiness before standard payment and delivery terms and conditions are entered into. Individual credit terms are set and monitored regularly; and payments are made in advance for large shipping orders. The maximum exposure to credit risk of these financial assets will not exceed the carrying amount. Financial assets past due but not impaired do not reflect any indication that counterparties will be unable to meet their obligations.

Credit risk

There was no collateral held against trade receivables and other receivables in either the current or prior year. Set out below is the information about the credit risk exposure on the Group's trade receivables and other receivables:

ECL provision reconciliation

In millions of British pounds	2022	2021
Opening balance	**(5.9)**	**(6.6)**
Due to acquisitions	-	2.9
Amounts written off	5.5	-
Additions	(0.3)	(2.5)
Release of provision for expected credit losses to the income statement	0.1	0.3
As at 31 December	**(0.6)**	**(5.9)**

Write offs of £5.5m in 2022 relate to debtor amounts owing from the former Travelex Group. These amounts were deemed to be uncollectable, both the debtor balance and ECL provision have been written off.

20. Financial instruments (continued)

Trade and other receivables ageing and credit risk exposure

The table below shows the aging analysis of trade and other receivables (current and non-current) in note 14, and the related ECL provisions, with a net carrying amount of £37.9m at 2022 (2021: £21.6m). Other receivables consist of debtor balances held with entities that were part of the old Travelex group as well as Initial Fundco and Opco entities that are due to join the group in future periods, in line with the restructuring plan.

***In millions of British pounds* 2022**	**0 – 30 days**	**30 – 60 days**	**60 to 90 days**	**> 90 days**	**2022 Total**
Trade receivables – current	20.2	0.8	0.4	1.2	**22.6**
Other receivables – current	8.3	-	0.2	1.7	**10.2**
Trade and other receivables – non-current	5.7	-	-	-	**5.7**
Gross carrying amount	**34.2**	**0.8**	**0.6**	**2.9**	**38.5**
ECL provision	(0.1)	-	-	(0.5)	**(0.6)**
Net carrying amount	**34.1**	**0.8**	**0.6**	**2.4**	**37.9**

***In millions of British pounds* 2021**	**0 – 30 days**	**30 – 60 days**	**60 to 90 days**	**> 90 days**	**2021 Total**
Trade receivables – current	4.2	1.0	0.6	6.7	**12.5**
Other receivables – current	7.1	0.2	0.1	1.9	**9.3**
Trade and other receivables – non-current	5.7	-	-	-	**5.7**
Gross carrying amount	**17.0**	**1.2**	**0.7**	**8.6**	**27.5**
ECL provision	(0.2)	(0.5)	(0.5)	(4.7)	**(5.9)**
Net carrying amount	**16.8**	**0.7**	**0.2**	**3.9**	**21.6**

Credit risk

As described in note 2, the Group utilises different methods for assessing ECL provision requirements based on the type of receivable. Certain third-party trade and other receivables are assessed using an expected loss model based on ageing analysis. Receivables include balances held with entities that were part of the old Travelex group as well as Initial Funding and Operations entities that are due to join the group in future periods in line with the restructuring (current trade and other receivables) and deposits (non-current receivables).

Interest Rate Benchmark Reform (IBOR) - Phase 2

The impact of IBOR has not been material to the Group as the majority of its debt is fixed rate and the Group does not engage in hedge accounting. Variable debt contracts have transitioned to SONIA rates in 2021 and was managed such that there were little or no financial impact and resulted in no change in the Groups risk management strategy.

20. Financial instruments (continued)

Liquidity risk

The Group's policy is to manage its capital requirements and liquidity through a combination of bank borrowings and other term debt, and capital markets. Refer to note 19 for details of the Group's borrowing structure. The daily settlement flows require adequate liquidity which is provided through an uncommitted intra-day settlement facility. This facility is provided by a diversified set of financial institutions with which companies in the Group have a substantial trading history. Global cash management is an important daily activity, and the Group operates a policy of centralising surplus cash to facilitate intra-group funding and to minimise external borrowings requirements.

The Group is subject to a Minimum Liquidity Covenant under the Group's Senior Term Facility Agreement the terms of which are discussed in Note 19 Borrowings.

Derivatives with a maturity date of 12 months or less are classified under current assets or liabilities.

The tables below analyse the gross undiscounted contractual cash flows on the Group's financial liabilities as at 31 December to the contractual maturity date:

In millions of British pounds **2022**	**Within one year**	**Between one and two years**	**Between two and five years**	**After five years**	**2022 Total**
Borrowings	4.2	53.5	400.6	-	**458.3**
Lease liabilities	42.6	43.3	77.3	32.1	**195.3**
Prepaid cards awaiting redemption	29.7	-	-	-	**29.7**
Trade and other payables	131.8	-	-	-	**131.8**
Derivative financial liabilities	3.2	-	-	-	**3.2**
	211.5	**96.8**	**477.9**	**32.1**	**818.3**

In millions of British pounds **2021**	**Within one year**	**Between one and two years**	**Between two and five years**	**After five years**	**2021 Total**
Borrowings*	3.0	3.2	341.2	-	**347.4**
Lease liabilities	37.0	24.2	48.6	41.2	**151.0**
Prepaid cards awaiting redemption	40.6	-	-	-	**40.6**
Trade and other payables	29.1	-	-	-	**29.1**
Derivative financial liabilities	0.3	-	-	-	**0.3**
	110.0	**27.4**	**389.8**	**41.2**	**568.4**

**The 2021 figures have been updated to ensure that the 2021 amounts are comparable with the 2022 amounts.*

20. Financial instruments (continued)

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows based on the lowest level of input that is significant to the fair value measurement as a whole:

Level 1 - Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.
Level 2 - Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).
Level 3 - Valuation techniques (for which the lowest level of input that is significant to the fair value measurement is unobservable).

Valuation techniques

All financial instruments measured at fair value are valued using valuation techniques that utilise observable inputs. The key inputs used in valuing the foreign exchange derivatives are the relevant spot and forward exchange rate and for government bonds the quoted price for the bonds. Debts instruments are valued using direct observable inputs. Derivatives are not publicly traded, and are therefore valued as Level 2. There were no changes to the valuation techniques during the period.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year. There were no transfers between the different levels during the current reporting or prior period.

The table below analyses the financial instruments measured at fair value as at 31 Dec, by the level in the fair value hierarchy into which the fair value measurement is categorised:

In millions of British pounds	Level 1	Level 2	Level 3	Total
2022				
Financial instrument measured at fair value				
Debt instruments	18.4	-	-	**18.4**
Derivative asset	-	3.7	-	**3.7**
Derivative liability	-	(3.2)	-	**(3.2)**
	18.4	**0.5**	**-**	**18.9**

In millions of British pounds	Level 1	Level 2	Level 3	Total
2021				
Financial instrument measured at fair value				
Debt instruments	-	-	-	**-**
Derivative asset	-	0.4	-	**0.4**
Derivative liability	-	(0.3)	-	**(0.3)**
	-	**0.1**	**-**	**0.1**

Other financial assets and liabilities not measured at fair value have a carrying amount which is a reasonable approximation of fair value, due to being short-term in nature.

21. Leases

As a lessee

The Group has lease contracts for land and buildings, vehicles and other equipment used in its operations. The lease term varies dependant on the nature of the underlying asset, begin at the commencement date and includes any rent-free periods provided by the lessor, and are typically made for a fixed period of 12 months to 10 years but may have extension and termination options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of land and buildings with lease terms of 12 months or less and leases of office equipment with low value. Low value assets comprise assets < US$5,000 (or equivalent) based on the fair value of the asset as new. Leases with a duration of 12 months or less and leases for which are deemed "low value" are expensed to the income statement on a straight-line basis over the lease term.

Right of use assets has not been broken down by class of asset as most of the assets relate to land and buildings.

Right-of-use assets

In millions of British pounds	2022	2021
Opening balance	**90.9**	**40.5**
Acquired with subsidiaries	24.5	74.0
Additions	39.0	7.9
Disposal	(5.8)	(4.4)
Depreciation	(32.3)	(25.8)
Impairment	-	0.1
Exchange adjustments	14.0	(1.4)
Closing balance as at 31 December	**130.3**	**90.9**

Lease liabilities

The maturity analysis of lease liabilities is disclosed in note 19.

In millions of British pounds	2022	2021
Opening balance	**101.7**	**54.1**
Acquired with subsidiaries	24.2	71.1
Additions	37.9	6.7
Disposals	(5.8)	(5.2)
Interest expense	17.3	9.7
Covid-19 rent concessions treated as variable rent	(3.1)	(22.0)
Lease payments	(42.3)	(12.0)
Exchange adjustments	14.8	(0.7)
Closing balance as at 31 December	**144.7**	**101.7**
Current	27.2	27.6
Non-current	117.5	74.1
	144.7	**101.7**

21. Leases (continued)

Amounts recognised in the income statement

In millions of British pounds	**2022**	**2021**
Interest on lease liabilities	(17.3)	(9.7)
Depreciation expense of right-of-use assets	(32.3)	(25.8)
Reversal of impairment	-	0.1
Variable lease payments not included in the measurement of lease liabilities	(69.7)	(14.7)
Covid-19 rent concessions treated as variable rent	3.1	22.0
Expenses relating to short term leases	(0.8)	(1.3)
	(117.0)	**(29.4)**

Amounts recognised in the statement of cash flows

In millions of British pounds	**2022**	**2021**
Total cash outflow for leases	(42.3)	(12.0)

During the year the Group received rent concessions as a result of the Covid-19 pandemic. Although this relief was in respect of fixed rent due, up until 30 June 2022 it was treated as a reduction in variable lease payments in accordance with the practical expedient guidance, refer to note 2 accounting policy for details.

The Group sub-leases one of its office buildings under finance leases (see section “As a Lessor”).

Variable lease payments based on performance

Some property leases contain variable payment terms that are linked to performance of a store or a concession or the leased premise as a whole (e.g., sales turnover or passenger volume). For individual stores or concessions, up to 100% of lease payments are variable and are determined annually (normally on the anniversary of the lease and may be calculated monthly or quarterly and paid in arrears). The lease term for variable only leases are typically made for a fixed period of 12 months to 5 years.

Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores or concessions. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the conditions that trigger those payments occur.

A 10% increase in turnover across all stores in the Group with variable lease contracts would increase total lease payments by approximately £7.0m (2021: £1.5m).

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group’s operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

21. Leases (continued)

As at 31 December 2022, potential cash outflows (undiscounted) have not been included in the measurement of lease liability because it is not reasonably certain that the leases will be extended (or not terminated) are as follows:

Potential future cash outflows not included in the measurement of lease liabilities

	31 December 2022		
In millions of British pounds	**Within five years**	**More than five years**	**Total**
Extension options	-	-	-
Termination options	-	-	-

	31 December 2021		
In millions of British pounds	**Within five years**	**More than five years**	**Total**
Extension options	10.1	-	10.1
Termination options	-	-	-

The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment. The lease term is revised if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of £nil (2021: £nil).

As a lessor

Amounts due from leases under finance leases are recognised as finance lease receivables and represent the Group's net investment in the finance sublease. The Group used to sub-lease one of its office buildings that it previously occupied and over which it still had the head-lease. This sub-lease ended in 2022 therefore as at 31 December 2022, it had a remaining term of 0 months (31 December 2021: 6 months). Lease income from lease contracts in which the Group acts a lessor is as below.

Net investment in subleasing	**2022**	**2021**
In millions of British pounds		
Finance income	-	0.1

Any allowances for expected credit losses are recognised against finance lease receivables as required by IFRS 9, if applicable. At the reporting date, none of the finance lease receivable are past due or impaired.

The measurement of the finance lease receivable is as follows:

In millions of British pounds	**2022**	**2021**
As at 1 January	0.3	1.0
Additions	-	-
Unwind of discount	0.1	0.1
Rent received	(0.4)	(0.8)
Net investment in finance sub-lease at 31 December	**-**	**0.3**

21. Leases (continued)

The table below analyses the contractual undiscounted cash flows on the Group's finance sub-leases as at year end to the contractual end date:

In millions of British pounds	2022	2021
Within one year	-	0.3
Between one and five years	-	-
More than five years	-	-
Undiscounted lease receivable	**-**	**0.3**
Less unearned finance income	-	-
Net investment in finance sub-lease	**-**	**0.3**

22. Provisions

In millions of British pounds	Employee related provisions	Other	Total
Balance as at 1 January 2022	**1.7**	**10.4**	**12.1**
Acquired with subsidiaries	0.2	4.5	4.7
Charged to income statement	1.0	2.1	3.1
Written back to income statement	-	(0.3)	(0.3)
Utilised in the period	(0.6)	(5.4)	(6.0)
Balance as at 31 December 2022	**2.3**	**11.3**	**13.6**
Current	-	5.2	5.2
Non-current	2.3	6.1	8.4
Balance as at 31 December 2022	**2.3**	**11.3**	**13.6**

In millions of British pounds	Onerous contracts	Employee related provisions	Other	Total
Balance as at 1 January 2021	**0.1**	**2.4**	**14.7**	**17.2**
Acquired with subsidiaries	-	0.1	3.1	3.2
Charged to income statement	-	0.1	3.9	4.0
Written back to income statement	(0.1)	(0.7)	(5.2)	(6.0)
Utilised in the period	-	(0.2)	(6.1)	(6.3)
Balance as at 31 December 2021	**-**	**1.7**	**10.4**	**12.1**
Current	**-**	-	5.7	5.7
Non-current	**-**	1.7	4.7	6.4
Balance as at 31 December 2021	**-**	**1.7**	**10.4**	**12.1**

Employee related provisions mainly relate to long-term service leave and final settlement provisions for ex-pats located in the Middle East (majority of which expected to be utilised after more than one year).

22. Provisions (continued)

Other provisions include:

- Provision of £0.8m (2021: £1.3m) that includes certain cyber-attack litigations. At the year end, it was considered more likely than not that there would be an outflow of economic benefits. The timing of the utilisation of this provision is expected to be within one year from the balance sheet date.
- Provision of £2.1m (2021: nil) related to provision provided for future encashment of precious metal certificates. At the year end, it was considered more likely than not that there would be an outflow of economic benefits. The timing of the utilisation is expected to be more than one year from the balance sheet date.
- Provision of £2.7m (2021: £2.4m) related to restoration provisions at the end of property leases. At the year end, it was considered more likely than not that there would be an outflow of economic benefits. The timing of the utilisation is expected to be more than one year from the balance sheet date.
- Provision of £2.6m related to litigation relating to banking operations. At the year end, it was considered more likely than not that there would be an outflow of economic benefits. The timing of the utilisation of this provision is expected to be within one year from the balance sheet date.
- Provision of £1.0m related to obligated marketing spend as part of a property lease contract. At the year end, it was considered more likely than not that there would be an outflow of economic benefits. The timing of the utilisation is expected to be more than one year from the balance sheet date.
- Provisions related to guarantees provided to third parties in the normal course of business of £2.2m (2021: £1.6m). At the year end, it was considered more likely than not that there would be an outflow of economic benefits. Of the balance, £1.8m is expected to be utilised within one year from the balance sheet date, with the remaining £0.4m expected to be utilised more than one year from the balance sheet date.

23. Deferred tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The offset amounts are as follows

In millions of British pounds	**2022**	**2021**
Deferred tax assets – non-current	21.5	6.0
Deferred tax liabilities	(5.1)	(0.3)
	16.4	**5.7**

The movement in deferred tax is as follows:

In millions of British pounds	**2022**	**2021**
Opening Balance	5.7	0.1
Acquired with subsidiaries	(1.4)	-
Income statement credit	12.3	6.1
Other movements	(0.4)	(0.3)
Exchange Adjustments	0.2	(0.2)
	16.4	**5.7**

23. Deferred tax (continued)

The movement in deferred tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

In millions of British pounds	Property, plant and equipment	Intangible assets	Tax losses	Leases	Other temporary differences	Total
Deferred tax asset						
Balance as at 1 January 2022	**22.2**	**-**	**3.3**	**1.0**	**0.7**	**27.2**
Acquired with subsidiaries	-	3.6	3.0	-	5.9	**12.5**
(Charged) / credited to the income statement	(2.1)	(0.6)	10.8	-	2.4	**10.5**
Exchange Adjustments	-	-	0.2	-	-	**0.2**
Other movements	-	-	(0.1)	(0.2)	(0.1)	**(0.4)**
Balance at 31 December 2022	**20.1**	**3.0**	**17.2**	**0.8**	**8.9**	**50.0**
Balance as at 1 January 2021	**15.5**	**-**	**1.3**	**-**	**-**	**16.8**
Acquired with subsidiaries	2.2	-	0.1	-	-	**2.3**
(Charged) / credited to the income statement	4.5	-	2.5	1.2	0.7	**8.9**
Exchange Adjustments	**-**	**-**	(0.3)	-	-	**(0.3)**
Other movements	**-**	**-**	(0.3)	(0.2)	-	**(0.5)**
Balance at 31 December 2021	**22.2**	**-**	**3.3**	**1.0**	**0.7**	**27.2**

In millions of British pounds	Property, plant and equipment	Intangible assets	Tax losses	Leases	Other temporary differences	Total
Deferred tax liability						
Balance as at 1 January 2022	**-**	**(21.0)**	**-**	**-**	**(0.5)**	**(21.5)**
Acquired with subsidiaries	-	(13.9)	-	-	-	**(13.9)**
(Charged) / credited to the income statement	-	1.5	-	(0.2)	0.5	**1.8**
Balance as at 31 December 2022	**-**	**(33.4)**	**-**	**(0.2)**	**-**	**(33.6)**
Balance as at 1 January 2021	**-**	**(16.0)**	**-**	**(0.2)**	**(0.5)**	**(16.7)**
Acquired with subsidiaries	-	(2.3)	-	-	-	**(2.3)**
(Charged) / credited to the income statement	-	(2.8)	-	-	-	**(2.8)**
Exchange adjustments	-	0.1	-	-	-	**0.1**
Other movements	-	-	-	0.2	-	**0.2**
Balance as at 31 December 2021	**-**	**(21.0)**	**-**	**-**	**(0.5)**	**(21.5)**

Deferred income tax assets are recognised only to the extent that it is probable that there will be sufficient taxable profits against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised. Management bases its assessment of the probability of offset against future taxable income on the Group's three-year internal forecasts in line with those used for impairment purposes, which are adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The recognition of deferred tax assets takes into account forecast revenue and profit recovery within the Group’s operations over the three-year forecast period of 2023 to 2026.

23. Deferred tax (continued)

At 31 December 2022 there are unrecognised deferred tax assets totalling £45.3m (2021: £50.3m) equivalent to deductible temporary differences of £191.8m (2021: £217.8m) where sufficient taxable profits may not be available in future years against which the tax losses or other deductible temporary differences can be utilised. There are unrecognised tax losses of £146.9m (2021: £201.2m) and £44.9m (2021: £16.6m) of other unrecognised temporary differences at the period end. This comprises £138.2m (2021: £188.7m) for tax losses which have no time limit, £8.7m (2021: £5.6m) for tax losses that expire in five years, £0.0m (2021: £1.9m) expiring in seven years, and £0.0m (2021: £5.0m) expiring in ten years.

24. Retirement benefits

The principal pension arrangements in the United Kingdom and overseas are defined contribution schemes, the assets of which are held separately from those of the Group in independently administered funds. The cost of these schemes which amounted to £4.0m (2021: £2.9m) was charged to the income statement as incurred during the year. At the end of the year £0.9m (2021: £0.1m) of contributions were outstanding.

25. Share capital

The movement in the number of shares of the Company in issue is as follows:

	Ordinary shares	
Number of shares (*In millions*)	**2022**	**2021**
In issue at beginning of period	1.3	0.8
Issued as part of the debt funding arrangements	0.5	0.5
In issue at 31 December - fully paid	**1.8**	**1.3**

Number of Ordinary Shares - Authorised par value £0.00001 each	2.4	2.4

The Company was incorporated on 15th July 2020. On 6th August 2020, the Company became the holding company of the Travelex group following the completion of the debt restructuring. During 2022, the Company issued and allotted 0.5m (2021: 0.5m) ordinary shares of £0.00001 each which were linked to the debt funding arrangements of the Group in accordance with the terms of the Shareholders' funding agreement and Debt subscription agreements.

All shareholders are primarily governed by the shareholders funding agreement (the agreement). They are entitled to dividends subject to certain restrictions included in the agreement. Transfer of equity shares is limited to parties of the agreement unless prior to the transfer or allocation of shares they entered into a deed of adherence. Any transfer of shares or interests in the shares must be done in accordance with the shareholders funding agreement and the articles of association of Travelex International Limited.

The Group issued 0.2m warrants on 6th August 2020 to the note holders of the previous €360m loan notes which were in the old Travelex group. There were no proceeds in raising these warrants. The warrants give the warrant holders the right to shares in Travelex International Limited (formerly called Travelex Topco Limited) at an exit event including asset sale, drag sale, initial public offer, takeover or winding up. The warrant to share ratio is one share to one warrant. As the warrants allow the warrant holders to receive a fixed number of shares at an exit event without additional cash being paid, the warrants are classified as an equity instrument. The warrants are recognised in the same way as share capital issued at a value of £0.00001 per share. Changes in the fair value of the warrants are not recognised in the financial statements.

26. Related party transactions

Key management compensation

Key management compensation in the table below represents compensation paid to members of the Group's Executive Committee and exclude Directors of the Group whose emoluments are disclosed in note 9. Directors and key management occasionally transact with subsidiary undertakings of the Group, primarily with regard to the provision of foreign currency or foreign currency payment transactions on standard staff discount terms.

The Board has considered the financial effect of these transactions with Group companies and has concluded that they are not material to the Group, or the individuals concerned.

In millions of British pounds	2022	2021
Aggregate emoluments excluding pension contributions and share based compensation	2.2	1.8
Share based payments awards	1.3	0.1
Post-employment benefits	0.1	0.1
Total	**3.6**	**2.0**

On 7 December 2021, Company issued 54,500 B Ordinary Shares in the Company (the "Awards") to certain key management personnel (the "Participants") under a management incentive scheme (see note 31). The Participants paid £20.00 per Award (the "Subscription Price"), which was funded by a non-recourse loan from the Company to the Participant. In aggregate, loans totalling £1.1m were provided to Participants.

27. Contingent assets and liabilities

As tax, and especially transfer pricing (where regulations and their interpretation may vary considerably) is an area of inherent risk, tax positions adopted by the Group and its cross border intercompany transactions may be subject to challenge by the relevant tax authorities. Although the Group aims to comply with applicable laws and regulations, at each balance sheet date the Group undertakes a review of potential tax risks and tax positions and, whilst it is not possible to predict the outcome of any pending enquiries, ensures that adequate provisions are made in the Group accounts to cover any associated cash outflows and estimated future settlements.

The Group had provided £9.2m (2021: £2.1m) of guarantees to third parties from a bank guarantee indemnity facility of £9.6m in place with Barclays Bank plc. Total of £1.3m guarantees with other institutions (including performance guarantees) have been issued on behalf of the various subsidiaries of the Group of which £1.3m has been utilised.

The Group has provided a general indemnity to PwC the administrators of the old Travelex Group for any litigation which may arise from claims not covered by the provision noted above, the Directors are comfortable that there is no material risk in respect of the indemnity.

As at balance sheet date, the Group had capital commitments relating to capital contribution of £1.9m (2021: £3.0m).

28. Government support

During the year, the Group has received support from government in connection with its response to the Covid-19 pandemic. This support includes furlough and job retention scheme reliefs. The Group has recognised government grant income of £1.8m (2021: £12.0m) in relation to the Coronavirus Job Retention Scheme (CJRS) in the UK, and its equivalents in other countries. There are no unfulfilled conditions or contingencies attached to these grants.

29. Equity-accounted investees

In millions of British pounds	2022	2021
Balance at beginning of period	**12.5**	**-**
Carrying amount of investment at acquisition date	-	12.5
Share of profits during the period	2.6	1.4
Share of other comprehensive income during the period	0.3	0.3
Dividend received	(1.5)	(1.7)
Balance at 31 December	**13.9**	**12.5**

In millions of British pounds	2022	2021
Travelex (Thailand) Limited	0.4	0.6
Travelex Qatar Q.S.C. (Travelex Qatar)	13.5	11.9
	13.9	**12.5**

Travelex (Thailand) Limited is a joint venture in which the Group has joint control and a 62% ownership interest. The joint venture provides retail foreign currency exchange services in Thailand and is not publicly listed. The shareholders do not have rights to substantially all of the economic benefits of the assets and the arrangement does not depend on the shareholders on a continuous basis for settling its liabilities. Accordingly, the Group has classified its interest in Travelex (Thailand) Limited as a joint venture. The following table summarises the financial information of Travelex (Thailand) Limited as included in its own financial statements and adjusted for differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest.

Travelex (Thailand) Limited	**2022**	**2021**
Percentage ownership interest	**62%**	**62%**
Non-current Assets	-	-
Current Assets (including cash and cash equivalents £1.1m)	1.2	1.2
Non-current liabilities	-	(0.3)
Current liabilities	(0.5)	-
Net Assets (100%)	**0.7**	**0.9**
Group Share of net assets (62%)	**0.4**	**0.6**
Elimination of unrealised profit	-	-
Carrying amount of interest in joint venture	**0.4**	**0.6**
Cost of Operations and other expenses	(0.4)	(0.2)
Interest expense	-	-
Income tax	-	-
Revenue	0.1	-
Profit or Loss and total comprehensive (loss) (100%)	**(0.3)**	**(0.2)**
Profit and total comprehensive income (62%)	**(0.2)**	**(0.1)**
Elimination of unrealized profit	-	-
Group's share of total comprehensive income/loss	**(0.2)**	**(0.1)**
Dividends received by the Group	-	-

Travelex Qatar Q.S.C. (Travelex Qatar) is a joint venture in which the Group has joint control. The economic interest of the Group is not consistent with the legal ownership and therefore for equity accounting purposes the Group applies 60% which aligns to the contractual agreement. Its business purpose is to provide retail foreign currency exchange services and it is not publicly listed. The arrangement is structured through a vehicle that is separate from the shareholders, the legal form of the arrangement does not give the parties rights to assets and obligations for the liabilities of the arrangement, and neither do the contractual arrangements. The shareholders do not have rights to substantially all of the economic benefits of the assets and the arrangement does not depend on the shareholders on a continuous basis for settling its liabilities. Accordingly, the Group has classified its interest in Travelex Qatar Q.S.C. (Travelex Qatar) as a joint venture.

29. Equity-accounted investees (continued)

The following table summarises the financial information of Travelex Qatar as included in its own financial statements, adjusted for fair value adjustments at acquisition if applicable and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest.

Travelex Qatar Q.S.C.	**2022**	**2021**
Percentage economic interest	**60%**	**60%**
Non-current Assets	1.9	4.8
Current Assets (including cash and cash equivalents £24.7m)	27.6	20.0
Non-current liabilities (including non-current financial liabilities excluding trade and other payables and provisions: £0.5m)	(0.8)	(1.9)
Current liabilities (including current trade and other payables and provisions: £5.6m)	(6.2)	(3.0)
Net Assets (100%)	**22.5**	**19.9**
Group Share of net assets (60%)	**13.5**	**11.9**
Elimination of unrealised profit	-	-
Carrying amount of interest in joint venture	**13.5**	**11.9**
Revenue	13.5	3.0
Cost of Operations and other expenses	(8.5)	(0.4)
Interest expense	-	-
Income tax	(0.4)	(0.1)
Other comprehensive income	0.5	0.5
Profit and total comprehensive income (100%)	**5.1**	**3.0**
Profit and total comprehensive income (60%)	**3.1**	**1.8**
Elimination of unrealized profit	-	-
Group's share of total comprehensive income	**3.1**	**1.8**
Dividends received by the Group	**1.5**	**1.6**

30. Post balance sheet events

Refinance of £50m Revolving Term Loan

In September 2023, the Group secured a 5 year £90m term loan facility, with signed agreement on 19 September 2023 and cash received on 22 September 2023. The net proceeds from the facility were used to redeem in full the Group's existing £50m Revolving Term Facility that was due in 2024, as well as a £12m paydown of the Group's existing New Money Notes, including unpaid interest and redemption premium on these notes, and to pay commissions, fees and expenses associated with the offering and related transactions. The remaining funds from the transaction provide the Group with fresh liquidity to invest as it continues to capitalise on the growth in the travel market.

Issuance of new money notes and equity shares

On 3 April 2023, the Group issued subordinated secured notes on the Vienna Stock Exchange (MTF) with a nominal value of £20.7m. Simultaneously, 124,829 equity shares of nominal value of £0.00001 each, were issued.

30. Post balance sheet events (continued)

Acquisition of Travelex Bahrain WLL non-controlling interest

On 8 March 2023, the Group entered into an agreement to purchase the non-controlling interest of 25% ordinary shareholding in our subsidiary Travelex Bahrain WLL from Khaleeji Commercial Bank B.S.C. for BHD 0.4m (approximately £0.8m). Transfer of control of the shareholding will occur on 28 September 2023, with half of the consideration paid on transfer of the shares and the remaining amount paid within six months of this date. On transfer of the shares, the subsidiary that is consolidated in the Group financial statements, will be fully owned by the Group and the non-controlling interest will be de-recognised.

In accordance with IFRS, these events were treated as a non-adjusting post balance sheet events.

31. Share-based compensation

Long-term Equity Incentive Scheme

On 7 December 2021 the Company issued B Ordinary Shares in the Company (the “Awards”) to certain Directors and members of the senior management team (the “Participants”) under a management equity-settled incentive scheme. Participation in the management incentive scheme is limited to the directors and members of the senior management team.

The holders of the Awards are not entitled to vote. However, they are entitled to participate in dividends and to a return of capital on a liquidation or other exit event based on the net assets of the Company available for distribution (the “Equity Proceeds”).

The Awards will receive Equity Proceeds to the following extent:

1. 10% of the Equity Proceeds above the First Threshold of £60 million.
2. 12% of the Equity Proceeds above the Second Threshold of £250 million.
3. 13% of the Equity Proceeds above the Third Threshold of £350 million.

The expected term of the Awards is the Company’s best estimate at the date of grant of the period until any future exit event, for example any potential change in the ownership structure of the Group.

The Participants paid £20.00 per Award (the “Subscription Price”), which was funded by a non-recourse loan from the Company to the Participant. The amount repayable under the Loan will not (in aggregate) exceed the aggregate sale proceeds payable to the Participant. Where the aggregate balance of the Loan exceeds the aggregate sale proceeds, any excess balance will not be repayable.

The Awards will vest on a liquidation or other exit event provided the Participant remains in the Group’s employment during the performance period (from grant date to exit date). Upon vesting, Participants have the ability to sell the B Ordinary Shares acquired to new or existing shareholders.

Awards were granted over 39,000 B Ordinary Shares in the Company in 2022 at different dates detailed in the below table (2021: 54,500 B Ordinary Shares in the Company). The Awards were valued using linked Black-Scholes models. No dividends accrue to the Participants prior to option exercise.

The compensation expense recognised in relation to these awards is based on the fair value of the awards at grant date. The principal assumptions made in measuring the fair value of the Awards were as follows:

31. Share-based compensation (continued)

Principal assumptions		**2022 Awards**		**2021 Awards**
Grant date	**14/1/2022**	**29/3/2022**	**13/12/2022**	**13/12/2021**
Fair value at grant date	£26.21	£24.83	£25.28	£64.83
Expected term of the Awards (years)	3.0	2.8	2.1	3.07
Risk free rate interest rate	0.79%	1.35%	3.45%	0.4%
Dividend yield on the Awards	0%	0%	0%	0.0%
Expected volatility of the enterprise value of the Company	35%	35%	30%	35.0%
Discount for post vesting restrictions	11%	11%	11%	11.8%

Expected volatility has been estimated based on an evaluation of the historical volatility of comparable listed entities, for which share price and debt/equity information is available, over the historical period commensurate with the expected term.

The expected term of the Awards is the Company's best estimate at the date of grant of the period until a future exit event. The movements in the Awards outstanding during the year were as follows:

	2022 Number	**2021 Number**
At 1 January	**54,500**	**-**
Granted	39,000	54,500
Exercised	-	-
Lapsed	-	-
Outstanding at 31 December	**93,500**	**54,500**
Exercisable at 31 December	**-**	**-**

Share-based compensation expense

The expense recognised in operating expenses for employee services received during the period is shown in the following table:

In millions of British pounds	**Year to 31 December 2022**	**Year to 31 December 2021**
Total share-based compensation expense recognised in Statement of Changes in Equity	**1.3**	**0.1**
Total cash-settled share-based compensation awards recognised in liabilities	**-**	**-**
Share-based compensation	**1.3**	**0.1**

32. Investments in Subsidiaries and Jointly Controlled Entities

The Group's subsidiaries and jointly controlled entities by country are included below.

2022 - Name of the entity	% Owned	Relationship
Travelex Acquisition Co Limited (UK)	100	Subsidiary
Travelex IssuerCo 2 Plc (UK)	100	Subsidiary
Travelex Agency Services Limited (UK)	100	Subsidiary
Travelex Currency Services Limited (UK)	100	Subsidiary
Travelex Japan KK (Japan)	100	Subsidiary
Travelex Central Services Limited (UK)	100	Subsidiary
Travelex India Pvt Limited (India)	100	Subsidiary
Travellers Exchange Corporation Limited (UK)	100	Subsidiary
Travelex Australia Holdings Pty Limited and its subsidiary - Travelex Limited (Australia)	100	Subsidiary
Travelex Currency Exchange Limited (Hong Kong) and its subsidiary - Travelex Currency Exchange (China) Limited	100	Subsidiary
Travelex Financial Service Limited (New Zealand)	100	Subsidiary
Travelex Cloud Services Limited (UK) and its subsidiary – ATM Cloud Services US Inc	100	Subsidiary
Travelex Holding (HK) Limited and its subsidiary - Travelex Card Services Limited (Hong Kong)	100	Subsidiary
Travelex Holdings (S) PTE Limited (Singapore)	100	Subsidiary
Travelex Bahrain WLL (Bahrain)	75	Subsidiary
Travelex Currency Exchange & Payments SDN BHD ("Malaysia")	70	Subsidiary
Travelex & Co LLC (Oman)	70	Subsidiary
Travelex (Thailand) Limited (Thailand)	62	Joint Venture
Travelex Emirates Exchange LLC (UAE)	40*	Subsidiary
Travelex Foreign Coin Services Ltd (UK)	100	Subsidiary
Travelex Qatar QSC (Qatar)	49**	Joint Venture
Travelex Switzerland AG (Switzerland)	100	Subsidiary
Travelex Europe Ltd (UK)	100	Subsidiary
Travelex Doviz Ticaret Yetkili Muessese AS (and subsidiary: Travelex Ankara Doviz Ticaret Yetkili Muessese AS)	75	Subsidiary
Travelex Do Brasil Holding Financeira Ltda (and subsidiaries: Travelex Banco de Cambio SA; and Confidence Corretora de Cambio SA)	100	Subsidiary
Travelex Do Brasil Holding Nao Financeira Ltda (and subsidiaries: Renova Serviços; TIHUM Tecnologica Limitada; Confidence Turismo S.A.; and Travelex Assessoria em Câmbio e Serviços Auxiliares)	100	Subsidiary
South American Cards Services Administradora De Cartoes S.A	100	Subsidiary
Travelex Czech Republic AS	100	Subsidiary
Travelex N.V.	100	Subsidiary
Travelex Nigeria Business Solutions Limited	100	Subsidiary
Travelex Retail Nigeria Limited	100	Subsidiary
Travelex (Deutschland) GmbH	100	Subsidiary

Travelex IssuerCo Limited was dissolved in 2022. Therefore, the Group had no ownership as at year end.

32. Investments in Subsidiaries and Jointly Controlled Entities (continued)

2021 - Name of the entity	% Owned	Relationship
Travelex Acquisition Co Limited (UK)	100	Subsidiary
Travelex IssuerCo Limited (UK)	100	Subsidiary
Travelex IssuerCo 2 Plc (UK)	100	Subsidiary
Travelex Agency Services Limited (UK)	100	Subsidiary
Travelex Currency Services Limited (UK)	100	Subsidiary
Travelex Japan KK (Japan)	100	Subsidiary
Travelex Central Services Limited (UK)	100	Subsidiary
Travelex India Pvt Limited (India)	100	Subsidiary
Travellers Exchange Corporation Limited (UK)	100	Subsidiary
Travelex Australia Holdings Pty Limited and its subsidiary - Travelex Limited (Australia)	100	Subsidiary
Travelex Currency Exchange Limited (Hong Kong) and its subsidiary - Travelex Currency Exchange (China) Limited	100	Subsidiary
Travelex Financial Service Limited (New Zealand)	100	Subsidiary
Travelex Cloud Services Limited (UK) and its subsidiary – ATM Cloud Services US Inc	100	Subsidiary
Travelex Holding (HK) Limited and its subsidiary - Travelex Card Services Limited (Hong Kong)	100	Subsidiary
Travelex Holdings (S) PTE Limited (Singapore)	100	Subsidiary
Travelex Bahrain WLL (Bahrain)	75	Subsidiary
Travelex Currency Exchange & Payments SDN BHD (“Malaysia”)	70	Subsidiary
Travelex & Co LLC (Oman)	70	Subsidiary
Travelex (Thailand) Limited (Thailand)	62	Joint Venture
Travelex Emirates Exchange LLC (UAE)	40*	Subsidiary
Travelex Foreign Coin Services Ltd (UK)	100	Subsidiary
Travelex Qatar QSC (Qatar)	49**	Joint Venture
Travelex Switzerland AG (Switzerland)	100	Subsidiary
Travelex Europe Ltd (UK)	100	Subsidiary

*Non-controlling interest of 45% based on shareholder agreement
**Group economic right is 60% based on shareholder agreement