

**Registered number: 06323311**

**The Currency Cloud Limited**

**Annual report and financial statements**

**For the period ended 30 September 2022**



# THE CURRENCY CLOUD LIMITED

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THE CURRENCY CLOUD LIMITED

**Company Information**

<b>Directors</b>	M Laven S Dean C Ostrowski
<b>Company Secretary</b>	R Cusack
<b>Registered number</b>	06323311
<b>Registered address</b>	100 New Bridge Street London EC4V 6JA
<b>Independent auditors</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB

## THE CURRENCY CLOUD LIMITED

### Strategic report

For the period ended 30 September 2022

### Introduction

The directors present their Strategic report on The Currency Cloud Limited (the Company) for the nine month period ended 30 September 2022. The directors' aim is to present a balanced and comprehensive review of the development and performance of the Company's business during the period and its position at the Balance sheet date. The review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties that the Company faces.

The Company is a wholly owned subsidiary of The Currency Cloud Group Limited and forms part of the Currencycloud Group of companies (the Group). The Company is responsible for providing many of the regulated services offered by the Group, and as such earns a significant proportion of the Group's revenue. The Company provides international payments and currency conversion services via technology developed by its sister-company The Currency Cloud Services Limited. This platform is primarily offered to white label partners as well as through an Application Program Interface (API).

On 20 December 2021 the Company's immediate parent The Currency Cloud Group Limited was acquired by Visa Inc. The company changed its accounting year end from 31 December 2022 to 30 September 2022 for consistency with other Visa group entities. Therefore, the financial period 2022 consists of nine months. The financial year 2021 was 12 months.

### Business Environment & Principal Activities

The Company is a FCA regulated Electronic Money Institution providing cross border payment and FX services to a range of customers in the financial services industry. Additionally, the Company has contractual agreements with various banking providers to procure payment and FX conversion services.

The period from 1 January to 30 September 2022 saw continued growth for the Company. As the world began to emerge to a post-COVID world, the impact that the pandemic had on adoption of digital payments continued. The shift to digitalisation continued to benefit the business. The Group are experts simplifying business in a multi-currency world, embedding financial services to other financial service providers who are looking to offer cross-border products and services. With leading-edge cloud-native technology and delivering everything from virtual wallets to the ability to send and receive multi-currency payments, the Group facilitates seamless money movement around the world.

At the same time, this period also represented the first steps of integration with Visa, following their acquisition of the Company's immediate parent The Currency Cloud Group Limited in December 2021.

As a result of the growth experienced in the period, the Company has built and continues to strengthen its proprietary cross-border technology infrastructure for growing financial services providers.

The Company serves banks, fintech companies and other financial institutions looking to build or enhance their cross-border offering. These companies are re-imagining how money flows around the digital economy and are building significant market share, displacing traditional players. With four different modules on offer - collect, convert, pay, manage - and a route to market through either the Group's direct platform or APIs, clients are able to cover the entire workflow of B2B payments, providing them clarity in what is a traditionally opaque market. The market potential is huge with significant opportunity for growth. By providing the infrastructure to a wide range of firms, the Company is well positioned to benefit from the shift to alternative payment methods.

### Business Review

The period to September 2022 was a period of growth and success for the Company, notwithstanding the geopolitical uncertainty, some of which stems from the Russia-Ukraine conflict, which has impacted the global movement of money as sanctions were imposed..

At 30 September 2022, 630 customers were using the Currencycloud platform which includes many leading Fintechs and financial institutions. There were 138 additional new customers over the period with notable growth in North America and Asia where clients including Future Fintech labs and Bano were brought onboard.

## THE CURRENCY CLOUD LIMITED

### Strategic report (continued) For the period ended 30 September 2022

Product innovation and global expansion continue to be the cornerstones of our growth. Weekend FX, providing clients with the ability to offer competitive FX rates 24/7, even after the markets close on a Friday evening, was added to the business's product portfolio.

The Board is pleased to report that, despite a challenging period with the continued recovery from the COVID-19 pandemic and political turmoil in the UK, the company has continued to grow. The total value of payments processed through the platform in the nine month period to 30 September was £28.7bn, in the twelve month period in 2021 this was £25.1bn. Turnover in the 2022 period was £66,126k and in 2021 this was £60,104k. Gross profit in the 2022 period was £35,460k whereas in 2021 it was £32,548k. Administrative expenses in the 2022 period (£26,049k) were lower than those in 2021 (£30,252k), which includes £8,118k gains on foreign exchange (driven by amounts owed by group undertakings denoted in foreign currencies). The increased spend is reflective of the continued investment to drive growth. An operating profit of £9,411k was made in the 2022 period (2021: £2,296k).

The Company has net assets as at 30 September 2022 of £29,269k (2021: £13,150k). Cash and cash equivalents as at the balance sheet date are £48,621k (2021: £27,703k). Of this cash balance £30,462k (2021: £10,947k) is insured client money used for operational liquidity purposes. Further details of this arrangement are given in Note 12 of the Financial statements.

The growth experienced in the nine month period of 2022 is expected to continue and accelerate in the coming years. The Group's investments will fuel future expansion, including obtaining further regulatory licences to operate in the Asia-Pacific region. Alongside geographic growth, the Group is planning to further develop its product offering to strengthen and expand on the advancements made in 2022.

### Principal risks and uncertainties

Proportionate and effective management of risk is central to the creation and protection of value for all of the Company's stakeholders. Working in accordance with the Enterprise Risk Management Framework (ERMF) and within Visa's Board approved Risk Appetite Framework (RAF), strategic and operational decisions are made, opportunities are prioritised and resources are allocated in order to optimize the management of risk.

The Company noticed a change to the risk environment compared to last year which was mainly focused on the COVID-19 pandemic and its aftermath. This year, changes in the key risks and uncertainties faced by the business are mainly as a result of geopolitical uncertainty, some of which stems from the Russia-Ukraine conflict. Even with supply chain issues, rising inflation and potential recession uncertainties, the Company remains able to respond to change as required. Regulators continue their active supervision of the Company.

#### *Risk Management*

The Company's Risk management policy is now aligned to Visa's whose approach to managing risk is through the Three Lines of Defence model defined in the Risk Management Policy. Under that model, risk management is everybody's responsibility, particularly the First Line of Defence. The Second Line of Defence provides oversight and challenge of First Line of Defence business and risk management activities. The Third Line of Defence, Internal Audit, provides independent review of the First and Second Line of Defence adherence to risk and control standards, reporting directly to the Chair of the Audit Committee.

The Risk function is responsible for managing and maintaining oversight of a risk management framework, the corporate risk register and risk governance reporting. The Enterprise Risk Management Framework (ERMF) describes an integrated approach to risk management activities, facilitating the embedding of a disciplined risk management ethos and awareness across the Company

#### *Regulatory and Compliance risk*

The Company operates in an industry subject to extensive and comprehensive regulation which has seen much change in recent years. As a result, the potential risk of non-compliance with laws and regulations increases as the Company both expands its regulatory footprint and the degree of scrutiny over the industry increases in the jurisdictions where licenses are already held. In particular, this includes the risk that the Company would execute payments on behalf of customers which contravene anti-money laundering or terrorist financing

## THE CURRENCY CLOUD LIMITED

### Strategic report (continued)

#### For the period ended 30 September 2022

legislation. The risk is mitigated by the robust policies and procedures currently in place for making Know Your Client checks, transaction monitoring and sanction screening using third party and proprietary data where appropriate. In addition, there are procedures for reporting suspicious transactions to the relevant bodies when detected. The Compliance function is adequately resourced in terms of staff and systems in order to fulfil its role and management provide regular updates to the Directors on its performance. The Company maintains dedicated risk and regulatory functions with extensive knowledge of UK and European payments regulations. As the industry evolves, we engage with Government, Regulators and our clients to help shape regulatory change to meet the needs of our clients and consumers.

Compliance risk is the risk of non-compliance with the anti-money laundering, safeguarding, capital adequacy requirements and terrorism financing laws the Company is subject to, which could result in loss of either its Financial Conduct Authority license to operate as an Electronic Money Institution or financial penalty. The Company manages this risk by having robust procedures, systems and controls to mitigate this risk.

#### *Financial risk*

The key financial risk for the Company is foreign currency risk arising through the provision of foreign exchange services and the risk of extreme fluctuations. The Company manages this by fully hedging foreign exchange conversions offered to clients at its liquidity providers. Collateral is taken from clients when forward transactions are entered into and is managed by operating robust processes to monitor and manage exchange rate volatility in regard to open exposures.

#### *Liquidity Risk*

Liquidity risk is the risk of insufficient liquid funds being available to meet the Company's working capital requirements. The Company manages this by modelling cash flow forecasts covering a range of scenarios to ensure there is sufficient cash to meet its forward operational needs. Additionally, it monitors its liquidity levels and any regulatory capital requirements.

#### *Cybersecurity and Data Privacy Risk*

This is the risk of a loss occurring as a result of a failure to adequately restrict access to systems and data as well as having inappropriate or outdated technology infrastructure which does not support the Company's operations. The Company handles a large amount of personal data on behalf of our customers and must adhere to stringent data protection regulations.

The Company may be impacted by attacks and data security breaches of financial institutions, merchants, or third-party processors. Such attacks and breaches have resulted, and may continue to result in, fraudulent activity and ultimately, financial losses to the Company's clients, and it is difficult to predict the direct or indirect impact of future attacks or breaches to the business.

Any breach could potentially significantly disrupt operations; impact clients and consumers; damage the Company's reputation and brand; result in litigation or claims, violations of applicable privacy and other laws, and increased regulatory review or scrutiny, investigations, actions, fines or penalties; result in damages or changes to our business practices; decrease the overall use and acceptance of products; decrease volume, revenues and future growth prospects; and be costly, time consuming and difficult to remedy.

The Company's in-depth, multi-layer security approach includes a formal program to devalue sensitive and/or personal data through various cryptographic means; embedded security in the software development lifecycle; identity and access management controls to protect against unauthorized access; and advanced cyber detection and response capabilities. Security tools are deployed that help keep clients and consumers safe, while providing buyer and seller solutions and significant investments are regularly made to a comprehensive approach to cybersecurity. Security technologies are used to strengthen data confidentiality, integrity and service availability, emphasizing core cybersecurity capabilities to minimize risk.

Laws and regulations regarding the handling of personal data and information may impede services or result in increased costs, legal claims, or fines. Ongoing efforts to comply with data protection laws in light of evolving guidance may increase the complexity of compliance operations, entail substantial expenses, divert resources from other initiatives and projects, and could limit the services the Company is able to offer. Furthermore,

## THE CURRENCY CLOUD LIMITED

### **Strategic report (continued)**

#### **For the period ended 30 September 2022**

enforcement actions and investigations by regulatory authorities related to data security incidents and privacy violations continue to increase. Future enforcement actions or investigations could impact the Company through increased costs or restrictions on our business, and noncompliance could result in regulatory fines and significant legal liability.

Visa's global privacy program employs a GDPR-based approach to global privacy compliance and is designed to ensure that data practices remain consistent with established data use principles. The Company demonstrates accountability for data protection laws through its robust governance framework. The global privacy office works with two cross functional governance bodies to evaluate new data use cases and to define a strategic vision for Visa's data related businesses. The global privacy program is operationalised by a privacy controls framework and privacy impact assessment process which provide a comprehensive structure for managing privacy and data protection risks. The Company works in accordance with the same practices and principles. Visa continues to enhance the program to protect and enhance data by promoting accountability, transparency and innovation.

#### *Competitive pressure and innovation*

The global payments space is intensely competitive. As technology evolves, new customers or methods of payment emerge and existing clients and competitors assume different roles. The risk is mitigated by a comprehensive multi-year planning process within the global Visa strategic framework. Market-by-market strategies are in place and are regularly revised to target specific business lines. The Company is engaged in a number of strategic partnerships with non-traditional participants. The Company continues to offer valuable, relevant payment solutions to its clients and supports individual market strategies in providing a defined onboarding pathway for new and emerging business models together with key milestones for sustainable growth. This includes actively engaging in new and emerging business models and investing in capabilities including cybersecurity that will continue to be relevant.

#### *Global risk*

Adverse macroeconomic conditions, including but not limited to, recessions, inflation, rising interest rates, high unemployment, currency fluctuations, actual or anticipated large-scale defaults or failures, rising energy prices, or a slowdown of global trade and reduced consumer, small business, government, and corporate spending, have an impact on our transactions and revenues. Furthermore, in efforts to deal with adverse macroeconomic conditions, governments may introduce new or additional initiatives or requests to reduce or eliminate payment fees or other costs. In an overall soft global economy, such pricing measures could result in additional financial pressures on our business.

In addition, outbreaks of illnesses, pandemics, like COVID-19, or other local or global health issues, political uncertainties, international hostilities, armed conflict, war (such as the ongoing war in Ukraine), civil unrest, climate-related events, including the increasing frequency of extreme weather events, impacts to the power grid, and natural disasters have to varying degrees negatively impacted our operations, our clients, third-party suppliers, activities, and cross-border travel and spend.

Geopolitical trends towards nationalism, protectionism, and restrictive visa requirements, as well as continued activity and uncertainty around economic sanctions, tariffs or trade restrictions also limit the expansion of Visa's and Currencycloud's business in certain regions and have resulted in Visa suspending operations in other regions.

Finally, as governments, investors and other stakeholders face additional pressures to accelerate actions to address climate change and other ESG topics, governments are implementing regulations, and investors and other stakeholders are imposing new expectations or focusing investments in ways that may cause significant shifts in disclosure, commerce and consumption behaviours that may have negative impacts on our business.

## THE CURRENCY CLOUD LIMITED

### **Strategic report (continued)** **For the period ended 30 September 2022** **Section 172 Statement**

The Directors recognise that they have a duty under section 172 of the Companies Act 2006 to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefits of its members as a whole and, in doing so, to have regard, amongst other matters, to the:

#### *The likely consequences of any decision in the long term*

The strategy of the Company is anchored on our mission of re-imagining the way money flows across borders to create a better future by enabling our customers to innovate, in order to benefit the businesses and individuals they in turn serve. This naturally results in decision making taking a long-term focus, exhibited by the investments we have made in developing our technology, the extension of scope of our product and the adoption of a group wide risk management framework.

The Board and Executive team actively develop and promote the success of the Company, acting with integrity and with a clear understanding of the views of all of our stakeholders. The Board engages regularly on strategic issues and planning, assessing the opportunities and risks facing the Company. The strategy is clearly communicated and further embedded through regular interaction with colleagues, including through leadership briefings, all-colleague meetings and regular training, which inform expected behaviours and practices throughout the business and ensuring the right resources to deliver the strategic objectives.

The Board and Executive promote a positive, inclusive and diverse culture of wellbeing and social responsibility. This creates a culture driving the right behaviours through various programmes including training and awareness initiatives, senior executive podcast interviews, a wellbeing portal and wellness benefits for employees, such as wellness hours.

#### *The interest of the Company's employees*

The board actively considers the interests of our people in decision making. The Directors regularly provide employees with information that is of concern to them, primarily in monthly townhalls. These are used to ensure that our progress in achieving our goals is widely known by all staff.

The Company invests in a workplace that encourages diversity of thought, culture and background so that diverse perspectives are embedded in the Company's work. An inclusive workplace is created by encouraging employees to come as they are and by investing in robust inclusion and diversity training. Frequent polls and pulse surveys are conducted to keep abreast of our employee engagement and wellbeing and seek to offer an attractive benefits package which supports our focus on inclusion and diversity, which is regularly reviewed and updated.

#### *The need to foster the Company's business relationships with suppliers, customers and others*

Customer satisfaction is closely tracked in monthly customer experience reporting and regular NPS surveys, with the results of these informing decision making and the Company's broader strategy. Maintaining strong ties with suppliers is key to delivering a high quality service to customers, in particular the Company has dedicated staff who manage our relationships with our network of banking and technology partners.

We are committed to delivering value to all of our stakeholders for the future success of the Company and our communities and consider the impact of our business on a range of stakeholders when making decisions. We are committed to transparency and effective engagement with our stakeholders, we regularly review our relationships with key stakeholders, and the impact of these relationships on the Company's business is monitored closely.

In financial year 2023, the Company will be aligning to Visa's supplier relationship management framework with all critical suppliers and Visa's expanded governance framework which will include those suppliers identified as being strategically important to the Company (in addition to those Critical suppliers already managed). This will include standardised meetings, reporting, and assigned roles and responsibilities, including a senior leader in Visa involved in the relationship and performance oversight of each strategic supplier.

## THE CURRENCY CLOUD LIMITED

### Strategic report (continued)

#### For the period ended 30 September 2022

Currencycloud will also be part of Visa's ESG in Supply Chain program, designed to engage with Visa's Third Party Suppliers, influence change, monitor and report on progress to improve their ESG performance.

#### *The impact of the Company's operations on the community and the environment*

The Company is part of wider Visa initiatives to deliver on corporate goals for environmental stewardship and climate action. Visa take a proactive approach to reducing the environmental footprint from business activities, which primarily include data centres and offices, employee commuting, business travel, corporate events and purchased goods and services. Visa recognises the importance of protecting our planet and natural resources and of supporting climate action and continues to use products, services, network, expertise, brand and partnerships to minimise the environmental footprint of our operations, inspire and empower sustainable commerce and support the global transition to a low-carbon economy.

To better understand how the Company can improve in this area a Carbon Footprint Report is commissioned each year. Employees are given an allowance of two days per year to spend volunteering with a charity of their choice.

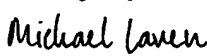
#### *The desirability of the Company maintaining a reputation for high standards of business conduct*

The Company is committed to conducting business to the highest standards given the heavily regulated industry it operates in and are conscious that our businesses across the world are regulated by many different authorities in various jurisdictions. Policies and procedures are in place to address compliance with GDPR, Anti-Money Laundering, Terrorist Financing and safeguarding rules with these frameworks being subject to external audits. All employees are required to complete annual compliance and IT security training. Communication with regulatory bodies is regular and transparent, either directly or via trade bodies such as Innovate Finance and AFEF. An explanation of our values is shared with all new joiners as well as copies of our Anti-bribery and Whistleblowing policies.

With the help of Visa, The Company continues to operate as a responsible and ethical company by upholding the highest standards for integrity, compliance and corporate governance. Visa has built a new Supplier Code of Conduct through activities such as developing ethical and agile onboarding procedures and to improve transparency and clarity. Links to these codes can be found on Visa's website.

Visa and the Company recognise the severity of modern slavery and has taken steps to ensure we have controls against modern slavery and human trafficking across suppliers.

This report was approved by the board and signed on its behalf on 8 June 2023.

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**M Laven**  
Director

## THE CURRENCY CLOUD LIMITED

### **Directors' report**

#### **For the period ended 30 September 2022**

The directors present their report and the audited financial statements for the period ended 30 September 2022.

### **Principal activities**

The Currency Cloud Limited (the Company) is a private limited company, which is limited by shares and incorporated in England. The address of the registered office is 100 New Bridge Street, London, EC4V 6JA. The principal activity of the Company is that of a dedicated provider of international payments and currency conversion services via technology developed by its fellow subsidiary The Currency Cloud Services Limited. This platform is primarily offered to white label partners as well as through an Application Program Interface (API).

### **Directors**

The Directors of the Company who were in office during the period from 1 January 2022 up to the date of signing the financial statements were:

M Laven

S Dean (appointed 10th October 2022)

C Ostrowski (appointed 10th October 2022)

R Livingston (resigned 10th October 2022)

J Hoffmeister (resigned 10th October 2022)

### **Results and dividends**

The profit for the period, after taxation, amounted to £8,323k (2021: £2,304k).

The Company has not paid an interim dividend (2021: £nil) and the Directors do not recommend the payment of a final dividend (2021: £nil).

### **Future developments**

Developments in the Company's business during the year, and an indication of likely future developments, are outlined in the Strategic Report on pages 2 to 6, which form part of this Directors' Report.

### **Directors' indemnities**

Certain directors benefit from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

### **Employees**

It is the Company's policy to ensure that no employee is disadvantaged or receives less favourable treatment and that all employees have the opportunity for growth and development, regardless of race, colour, nationality or ethnic origins, gender, gender reassignment, marital status, age, disability, pregnancy, religion or sexual orientation. The Company is an equal opportunities employer. Equal opportunity is about good employment practices and treating our most valuable asset, our employees, fairly and equally. The Company considers and, where appropriate, provides reasonable workplace adjustments to both current and prospective disabled employees.

## THE CURRENCY CLOUD LIMITED

### **Directors' report (continued)**

#### **For the period ended 30 September 2022**

The Company is also committed to ensuring that all prospective applicants for employment are treated fairly and equitably throughout the recruitment process.

The Company has established clear standards of communication for all of our employees, to provide them with information and to consult with our staff about important developments in the business and any future proposed changes to the organisation. Two-way dialogue throughout the year ensures adequate communication to generate an understanding of our purpose, strategy, values and business performance on an ongoing basis. Employees are provided with an anonymous channel to communicate views and opinions about working for the Company through periodic Employee Surveys. Visa's Code of Business Conduct and Ethics sets out Visa's commitment to the highest ethical standards and provides employees with channels to raise any concerns and questions including a Confidential Compliance Hotline where they can remain anonymous if they chose to do so.

### **Business Relationships**

We foster effective relationships with our suppliers, customers and others, as outlined in further detail within the strategic report.

### **Risk management**

The details of the Company's risk management strategies are set out in the preceding Strategic Report.

### **Going Concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue operating for at least the next 12 months. The Company's immediate parent, The Currency Cloud Group Limited, have provided a letter confirming its intention to continue providing this support for at least 12 months from the approval of these financial statements. In turn, Visa International Service Association have provided a letter confirming its intention to continue providing support to The Currency Cloud Group Limited for at least 12 months from the approval of these financial statements. Accordingly, the Directors consider that it is appropriate to prepare the Company's financial statements on a going concern basis.

### **Energy and Greenhouse Gas Report**

The Company appointed Carbon Footprint Ltd, a leading carbon and energy consultancy company, to help support its analysis of its Greenhouse Gas (GHG) emissions in accordance with the UK Government's '*Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance*'.

## THE CURRENCY CLOUD LIMITED

### Directors' report (continued)

#### For the period ended 30 September 2022

The GHG emissions have been assessed following the ISO 14064-1:2018 standard and has used the 2022 emission conversion factors published by Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy & Industrial Strategy (BEIS). The assessment follows the location-based approach for assessing Scope 2 emissions from electricity usage. The operational control approach has been used.

The table below summarises the GHG emissions for the period from 1 January 2022 to 30 September 2022.

Scope	Activity	Tonnes CO <sub>2</sub> e
Scope 1	Site gas	23.67
<b>Scope 1 Sub Total</b>		<b>23.67</b>
Scope 2	Electricity generation	8.53
<b>Scope 2 Sub Total</b>		<b>8.53</b>
Scope 3	Electricity transmission and distribution	0.78
<b>Scope 3 Sub Total</b>		<b>0.78</b>
<b>Total tonnes of CO<sub>2</sub>e*</b>		<b>32.98*</b>
<b>Tonnes of CO<sub>2</sub>e £M turnover</b>		<b>0.50</b>
<b>Total energy consumption (kWh)*</b>		<b>233,483</b>

\*includes gas and electricity consumption only

The company has continued to offer a flexible working model to its employees which has resulted in continuing lower levels of transport and emissions to/from a formal office. No other energy efficiency measures were implemented during this period.

### Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 company and of the profit or loss of the company for that period.

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

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

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


THE CURRENCY CLOUD LIMITED

**Directors' report (continued)**  
**For the period ended 30 September 2022**  
**Directors' confirmations**

In the case of each director in office at the date the directors' report is approved:

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

This report was approved by the board and signed on its behalf on 8 June 2023.

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**M Laven**  
Director

## THE CURRENCY CLOUD LIMITED

# Independent auditors' report to the members of The Currency Cloud Limited

### Opinion

We have audited the financial statements of The Currency Cloud Limited (the 'company') for the period ended 30 September 2022 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- a. give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its profit for the period then ended;
- b. have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- c. have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

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

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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

- a. the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- b. the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## THE CURRENCY CLOUD LIMITED

### **Independent auditors' report to the members of The Currency Cloud Limited (continued) For the period ended 30 September 2022**

#### **Matters on which we are required to report by exception**

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

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

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

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

#### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- a. obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- b. inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- c. discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud having obtained an understanding of the effectiveness of the control environment.

THE CURRENCY CLOUD LIMITED

**Independent auditors' report to the members of The Currency Cloud Limited  
(continued)  
For the period ended 30 September 2022**

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting correspondence with local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are the rules and principles set by the Financial Conduct Authority (FCA) as regulator for the financial services industry in the UK. We performed audit procedures to inquire of management whether the company is in compliance with these laws and regulations. We inspected compliance documentation and correspondence with the FCA as well as considering compliance with the conditions for authorization and other regulatory conditions.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. For revenue testing, we have carried out data analytics procedures and for a sample of transactions, have traced back to underlying documentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

**Use of our report**

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

*Neil Griggs*

NEIL GRIGGS (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
25 Farringdon Street  
London  
EC4A 4AB

Date: 14 June 2023.

THE CURRENCY CLOUD LIMITED  
**Statement of comprehensive income**  
**For the period ended 30 September 2022**

		9 months ended 30 September 2022	Year ended 31 December 2021
	Note	£'000	£'000
Revenue	4	66,126	60,104
Cost of sales		<u>(30,666)</u>	<u>(27,556)</u>
<b>Gross profit</b>		<b>35,460</b>	<b>32,548</b>
Administrative expenses		<u>(26,049)</u>	<u>(30,252)</u>
<b>Operating profit</b>	5	<b>9,411</b>	<b>2,296</b>
Finance income	9	<u>71</u>	<u>8</u>
<b>Profit before taxation</b>		<b>9,482</b>	<b>2,304</b>
Tax on profit	10	<u>(1,159)</u>	<u>—</u>
<b>Profit for the financial period</b>		<b><u>8,323</u></b>	<b><u>2,304</u></b>

There was no other comprehensive income for the period (2021: £nil).

The Statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The notes on pages 18 to 30 are an integral part of these financial statements.

## THE CURRENCY CLOUD LIMITED

## Statement of financial position

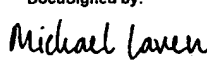
As at 30 September 2022

Company Registration number: 06323311

	Note	30 September 2022 £'000	31 December 2021 £'000
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	290,982	192,139
Cash at bank	12	48,621	27,703
Deferred tax assets	13	213	—
		<u>339,816</u>	<u>219,842</u>
Creditors: amounts falling due within one year	14	(310,028)	(206,692)
<b>Net current assets</b>		<b>29,788</b>	<b>13,150</b>
Provision for other liabilities	15	(519)	—
<b>Net assets</b>		<u><b>29,269</b></u>	<u><b>13,150</b></u>
<b>Capital and reserves</b>			
Called up share capital	17	12,350	5,850
Profit and loss account	18	16,919	7,300
<b>Total equity</b>		<u><b>29,269</b></u>	<u><b>13,150</b></u>

The notes on pages 18 to 30 are an integral part of these financial statements.

The financial statements on pages 15 to 30 were authorised for issue by the Board of Directors on and signed on its behalf on 8 June 2023.

DocuSigned by:  
  
 8D9D3F1F1DE24C5...

**M Laven**  
 Director

## THE CURRENCY CLOUD LIMITED

**Statement of changes in equity**  
**For the period ended 30 September 2022**

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
<b>Balance as at 1 January 2021</b>	<b>5,850</b>	<b>4,996</b>	<b>10,846</b>
Profit for the year	—	2,304	2,304
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>2,304</b>	<b>2,304</b>
<b>At 31 December 2021</b>	<b>5,850</b>	<b>7,300</b>	<b>13,150</b>
<b>At 1 January 2022</b>	<b>5,850</b>	<b>7,300</b>	<b>13,150</b>
Profit for the period	—	8,323	8,323
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>8,323</b>	<b>8,323</b>
Transactions with owners in their capacity as owners;			
Shares issued during the period	6,500	—	6,500
Capital contribution for equity settled share-based payment transactions	—	1,296	1,296
<b>Total transactions with owners</b>	<b>6,500</b>	<b>1,296</b>	<b>7,796</b>
<b>At 30 September 2022</b>	<b>12,350</b>	<b>16,919</b>	<b>29,269</b>

The notes on pages 18 to 30 are an integral part of these financial statements.

## THE CURRENCY CLOUD LIMITED

### Notes to the financial statements For the period ended 30 September 2022

#### 1. General information

The Currency Cloud Limited ('the Company') provides international payments and currency conversion services via in-house developed technology. This platform is offered as a white label user interface to partners as well as being offered as an Application Program Interface (API).

The Company is a private limited company, which is limited by shares and incorporated in England. The address of the registered office is 100 New Bridge Street, London, EC4V 6JA. The Company is a wholly owned subsidiary of the Currency Cloud Group Limited.

#### 2. Accounting policies

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006. Accounting policies have been applied consistently for all years unless otherwise stated.

#### The following principal accounting policies have been applied:

##### 2.1. Basis of preparation

These financial statements are prepared on a going concern basis under the historical cost convention, except where balance sheet items have been measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000 except where otherwise stated.

##### 2.2. Going concern

The Directors have a reasonable expectation that the Company has adequate resources to continue operating for at least the next 12 months. This is dependent on maintaining enough capital and funding of the balance sheet. The directors considered a number of factors including forecasts for the Company and its capital and liquidity position. The Company's business activities and objectives, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report.

The Company's immediate parent, The Currency Cloud Group limited, has provided a letter confirming its intention to continue providing this support for at least 12 months from the approval of these financial statements. In turn, Visa International Service Association have provided a letter confirming its intention to continue providing support to The Currency Cloud Group Limited for at least 12 months from the approval of these financial statements. Accordingly, the Directors consider that it is appropriate to prepare the Company's financial statements on a going concern basis.

##### 2.3. Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue comprises platform usage fees, transactional fees and commissions. Revenue from arranging forward contracts in foreign exchange are recognised on the date of trade execution. This revenue is included in accrued income until the settlement date of the transaction. Platform usage fees are monthly fees which are recognised in

## THE CURRENCY CLOUD LIMITED

### Notes to the financial statements (continued)

#### For the period ended 30 September 2022

the month in which they are provided. Transactional fees and commissions are recognised on the date of transaction execution. Where a customer has prepaid for services, this payment is recognised as deferred income and recognised over the period the service is delivered.

#### 2.4. Cost of sales

Cost of sales comprises payment fees, commission paid to partners and market costs for cancelling and amending the settlement dates of forward contracts in foreign exchange. Cost of sale from arranging forward contracts in foreign exchange are recognised on the date of trade execution. This cost of sale is accrued on the Statement of financial position until the settlement of the transaction. Payments fees are recognised at the same time the corresponding transaction fee is recognised in income.

#### 2.5. Trade debtors

Trade debtors are measured at transaction price, less any impairment for amounts believed to be irrecoverable.

#### 2.6. Cash at bank

Cash at bank comprises demand deposits and cash held in deposit notice accounts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Cash held in deposit notice accounts have a 32-day notice period. If notice is given of withdrawal, interest is paid at 0.15% below the Bank of England Base Rate. The balance in deposit notice accounts at the period end was £252k (2021: £250k).

The Company holds client money on behalf of clients in accordance with client money rules of the Financial Conduct Authority (firm reference number: 900199). Client monies held in segregated bank accounts in accordance with regulations and the corresponding liabilities to these clients are not recognised in the Statement of financial position because these monies are held in trust and the Company is not beneficially entitled to them. Where client monies have been insured and drawn down to be used for operational liquidity, they have been recognised on the Statement of financial position as cash. The amount of these monies is disclosed in Note 12.

#### 2.7. Financial instruments

In respect of recognition and measurement of financial instruments section 11 and 12 of FRS102 have been applied.

##### (i) Financial assets

Basic financial assets, including trade debtors, other debtors, accrued income, amounts owed by group undertakings and cash and bank balances are initially recognised at transaction price less impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at a present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest rate method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Where the entity has foreign exchange forward contracts open at the reporting date, these positions are marked to market to arrive at their fair value.

## THE CURRENCY CLOUD LIMITED

### **Notes to the financial statements (continued)**

#### **For the period ended 30 September 2022**

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **(ii) Financial liabilities**

Basic financial liabilities, including trade creditors, other creditors, amounts owed to group undertakings, accruals and client money are initially recognised at transaction price. Where the arrangement constitutes a financing transaction the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of comprehensive income within Administrative expenses.

Amounts payable to clients comprise amounts received in advance from clients in respect of foreign currency transactions prior to the maturity date of a trade, currency owed to clients post maturity date awaiting settlement, and the market movements on client open trades.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### **2.8. Creditors**

Short term creditors are measured at the transaction price.

#### **2.9. Foreign currency translation**

##### **(i) Functional and presentation currency**

The Company's functional and presentational currency is pounds sterling and rounded to thousands.

##### **(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income within Administrative expenses.

## THE CURRENCY CLOUD LIMITED

### Notes to the financial statements (continued) For the period ended 30 September 2022

#### 2.10. Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, holiday pay, defined contribution pension plans and employee share-based payments.

##### (i) Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in creditors as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

##### (ii) Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

##### (iii) Annual bonus

The Company operates an annual bonus plan for employees. An expense is recognised in the Statement of comprehensive income when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

##### (iv) Share-based payments

The Company's ultimate parent company, Visa Inc., issues equity-settled share-based payments which are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. The equity-settled share-based payments are not charged back to the Company and the benefit received is therefore considered a capital contribution recognised in equity. The fair value of awards of non-vested shares is equal to the closing price of the Visa Inc. shares on the date of grant, adjusted for the present value of future entitlements where appropriate.

#### 2.11. Interest Income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

#### 2.12. Provisions for liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation and are measured at the best estimate of the present value at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, the provision carried on the Statement of financial position is utilised.

## THE CURRENCY CLOUD LIMITED

### Notes to the financial statements (continued) For the period ended 30 September 2022

#### 2.13. Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

*Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.*

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. It is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### 2.14. Share capital

Ordinary shares are classified as equity.

#### 2.15. Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- a. the requirements of Section 7 Statement of Cash Flows,
- b. the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d),
- c. the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Visa Inc. as at 30 September 2022 and these financial statements may be obtained from <https://investor.visa.com/>.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## THE CURRENCY CLOUD LIMITED

**Notes to the financial statements (continued)****For the period ended 30 September 2022****(a) Critical judgments in applying the entity's accounting policies****(i) Segregated client money accounts**

Assessing whether segregated client money accounts, and the corresponding liability to return these funds to clients, is required to be reflected in the Company's Statement of financial position requires judgement. The directors have concluded that the criteria for recognition as an economic asset of the Company have not been met, namely the receipt of economic benefit from funds in these financial statements, therefore have not recognised within the financial statements. Disclosure has been made of the amount in Note 12 to the financial statements.

Client money that has been insured and used for operational liquidity has been brought on Statement of financial position as it is considered the Company has an economic benefit from the funds. The amount of client money insured at period end was £30.5m (2021: £10.9m). If client money not used to provide operational liquidity was deemed to have met the recognition criteria, the result would be an additional £665m (2021: £472m) would be included in cash at bank.

**(ii) Recoverability of intercompany receivables from The Currency Cloud Services Limited**

As part of its impairment review of intercompany receivables, the directors have assessed the ability of companies within the Group to repay intercompany amounts owed on demand to the Company. With respect to the intercompany debtor the Company is owed by The Currency Cloud Services Limited (TCCSL) of £138,143k (2021: £101,832k), the directors acknowledge that TCCSL is loss making and has negative cash flows. The Directors consider that the recoverability of this balance is dependent on TCCSL being provided with a guarantee by its Parent, The Currency Cloud Group Limited who in turn have been provided with a guarantee by Visa International Service Association. The Directors do not consider the recoverability of any other intercompany receivables as being a critical judgement.

**4. Revenue****An analysis of revenue of business is as follows:**

	9 months 2022	2021
	£'000	£'000
Platform usage fee	22,228	23,146
Commission receivable	30,935	27,059
Transactional fee	12,860	9,836
Intercompany revenue	103	63
<b>Total Revenue</b>	<b>66,126</b>	<b>60,104</b>

## THE CURRENCY CLOUD LIMITED

## Notes to the financial statements (continued)

For the period ended 30 September 2022

An analysis of revenue by geography is as follows:

	9 months 2022 £'000	2021 £'000
United Kingdom	45,553	42,185
Continental Europe	6,902	7,165
Asia - Pacific	4,779	4,439
Americas	8,771	6,167
Africa	121	148
<b>Total Revenue</b>	<b>66,126</b>	<b>60,104</b>

## 5. Operating profit

	9 months 2022 £'000	2021 £'000
The operating profit is stated after charging/(crediting):		
Fees payable to the auditors for the audit of the Company's annual financial statements	99	90
Foreign exchange (gains)/losses	(8,118)	492
Impairment of trade debtors	116	29

## 6. Employee costs

Staff costs, including directors' remuneration, were as follows:

	9 months 2022 £'000	2021 £'000
Wages and salaries	6,641	6,902
Social security costs	1,016	819
Other pension costs	291	275
Share based payments	1,296	—
	<b>9,244</b>	<b>7,996</b>

## Share-based payment arrangements

Equity based remuneration has been issued to select employees since January 2022. The majority of awards are made as part of the annual compensation cycle in form of Restricted Stock Units (RSUs). Awards are made by the ultimate parent company, Visa Inc and are not charged back to the Company. The benefit received by the company is therefore considered a capital contribution recognised in equity.

Shares generally vest over three years from the date of grant, subject to earlier vesting in full under certain conditions. Recipients must be employed through each respective grant date, except in the case of termination of employment due to death or disability, in which case the restrictions would cease immediately.

## THE CURRENCY CLOUD LIMITED

**Notes to the financial statements (continued)**  
**For the period ended 30 September 2022**

	Restricted stock units	Weighted average grant date fair value <sup>1</sup>	Weighted average remaining contractual term (in years)	Fair value at grant
Outstanding at 31 December 2021	—	\$ —		
Granted	22,295	\$ 214.15		214.15
Exercised	—	\$ —		
Forfeited <sup>2</sup>	(6,056)	\$ 214.67		
<b>Outstanding at 30 September 2022<sup>3</sup></b>	<b>16,239</b>	<b>\$ 213.95</b>	<b>1.31</b>	

1. Visa Inc. shares are quoted in USD.

2. No shares expired during the period.

3. There are no shares exercisable as at 30 September 2022.

### Measurement of Share-based payment arrangements

RSUs have been treated as equity-settled share-based payment transactions and have been valued at Visa Inc's closing stock price on the date of the grant, or in cases where the date of the grant is not a trading day, the last trading day prior.

Each RSU entitles the participant to dividend equivalents with respect to regular cash dividends from the grant date to the date such shares are delivered to employees.

## 7. Employee numbers

The monthly average number of employees, including the directors, during the period was as follows:

	9 months 2022 No.	2021 No.
Sales	97	81
	97	81

## 8. Directors' remuneration

	9 months 2022 £'000	2021 £'000
Directors' emoluments	356	903
	356	903

In the 2022 period the directors of the Company received all their remuneration from other group entities. The emoluments disclosed represent 100% of the remuneration paid to one director whose costs in respect of qualifying services are recharged from fellow subsidiary The Currency Cloud Services Limited to the Company based on transfer pricing activities across the Group (In 2021 the highest paid director received remuneration of £385k). The remuneration of the other directors were incurred and paid by other Visa Inc. companies and not charged to the Company. The Company made no contributions to money purchase pension schemes on behalf of the directors (2021: £8k, not including the highest paid director). In 2021 100% of the remuneration for two directors was recharged from fellow subsidiary The Currency Cloud Services Limited and one director was paid directly by the Company.

## THE CURRENCY CLOUD LIMITED

**Notes to the financial statements (continued)**  
**For the period ended 30 September 2022**

Key management personnel are considered to be the directors of the Company.

**9. Finance income**

	9 months 2022 £'000	2021 £'000
Interest receivable	71	8
	<u>71</u>	<u>8</u>

**10. Tax on profit**

The total tax credit recognised in the Statement of comprehensive income represents the sum of both current and deferred taxes

Current income tax is based on taxable profit for the period. Taxable profit can differ from the profit reported in the Statement of comprehensive income due to permanent or temporary differences for tax purposes.

Deferred tax is the tax expected to be payable or recoverable in the future, arising from temporary differences between the carrying value in the accounts and the tax bases used in the computation of taxable profits.

The income tax expense for the period comprises;

	9 months 2022 £'000	2021 £'000
<b>Corporation tax</b>		
Current tax on loss for the financial period	1,372	—
<b>Total current tax</b>	<u>1,372</u>	<u>—</u>
<b>Provision for deferred tax</b>		
Fixed asset timing differences	(1)	—
Short term timing differences	(212)	—
<b>Deferred tax credit on taxable loss for the period</b>	<u>(213)</u>	<u>—</u>
<b>Total income tax expense</b>	<u>1,159</u>	<u>—</u>

## THE CURRENCY CLOUD LIMITED

**Notes to the financial statements (continued)****For the period ended 30 September 2022****Factors affecting tax charge for the period**

The charge for the financial period can be reconciled to the profit per the Statement of comprehensive income as follows:

	2022 £'000	2021 £'000
Profit before tax	<u>9,482</u>	<u>2,304</u>
Profit before tax multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	1,802	438
<b>Effects of:</b>		
Expenses not deductible	136	1
Group relief claimed	—	(435)
Deferred tax not provided	—	(4)
Movement in deferred tax not recognised	(728)	—
Remeasurement of deferred tax for change in rate of tax	<u>(51)</u>	<u>—</u>
<b>Total tax charge for the financial period</b>	<u><u>1,159</u></u>	<u><u>—</u></u>

On 24 May 2021, legislation was substantively enacted in the United Kingdom to increase the main rate of corporation from 19% to 25% from April 2023. Deferred tax balances have been measured using this rate, being the rate at which they are unexpected to unwind.

**11. Debtors**

	30 September 2022 £'000	31 December 2021 £'000
<b>Due within one year</b>		
Trade debtors	5,176	4,155
Amounts owed by group undertakings	218,400	168,161
Other debtors	4,794	1,408
Collateral held at trading counterparty	19,295	6,754
Derivative financial assets	38,705	7,769
Prepayments	369	151
Accrued income	<u>4,243</u>	<u>3,741</u>
	<u><u>290,982</u></u>	<u><u>192,139</u></u>

Amounts owed by group undertakings are repayable on demand and do not bear any interest.

## THE CURRENCY CLOUD LIMITED

**Notes to the financial statements (continued)**  
**For the period ended 30 September 2022**

**12. Cash at bank**

	30 September 2022	31 December 2021
	£'000	£'000
Cash at bank	48,621	27,703
	<u>48,621</u>	<u>27,703</u>

Excluded from the cash at bank is an amount of £664,506k (2021: £471,977k) held in segregated client accounts subject to FCA safeguarding restrictions. In accordance with the Company's accounting policies, these funds are not deemed to have met the criteria for recognition.

Included in the cash at bank is insured client money of £30,462k (2021: £10,947k) that has been insured and used for operational liquidity. This insurance policy means that were the Company to become insolvent (as described in section 22 of the Electronic Money Regulations 2011 (EMR 2011), any shortfall up a limit of £130,000k (2021: £27,000k) in relevant funds (as described in section 20 of the EMR 2011) would be paid by the insurer. As per the Company's accounting policies, these are deemed to have met the criteria for recognition.

**13. Deferred tax assets**

	Temporary differences	Total
	£'000	£'000
Deferred tax assets recognised by the company and movements thereon during the current reporting period;		
At 1 January 2022	—	—
Fixed asset timing differences	1	1
Short term timing differences	212	212
<b>At 30 September 2022</b>	<u>213</u>	<u>213</u>

Deferred tax assets and liabilities have been offset where there is a legal right to set off. The deferred tax assets recognised in the Statement of Financial Position relate to temporary differences. Temporary differences relate to income tax credits surrendered to other UK subsidiaries for group tax relief for consideration at the tax value.

## THE CURRENCY CLOUD LIMITED

Notes to the financial statements (continued)  
For the period ended 30 September 2022**14. Creditors: amounts falling due within one year**

	30 September 2022	31 December 2021
	£'000	£'000
Trade creditors	3,099	2,226
Amounts owed to group undertakings	197,019	146,854
Taxation and social security	1,641	14,613
Other creditors	3,145	2,630
Amounts payable to clients	31,021	18,249
Client Money	30,462	10,947
Derivative financial liabilities	38,705	7,636
Accruals	2,198	1,150
Deferred income	2,738	2,387
	<u>310,028</u>	<u>206,692</u>

Amounts owed to group undertakings are repayable on demand and do not bear any interest.

**15. Provision for other liabilities**

The Company had the following provisions during the year:

	Client off-boarding £'000	Total £'000
At 1 January 2022	—	—
Additions	519	519
At 30 September 2022	<u>519</u>	<u>519</u>

A provision has been recognised for costs related to off-boarding a client. The cost has been charged to the statement of comprehensive income and the provision is expected to be utilised in 2023.

**16. Financial Instruments****Carrying amount of assets / (liabilities) carried at fair value**

	2022 £'000	2021 £'000
Financial assets measured at fair value	38,705	7,769
Financial liabilities measured at fair value	<u>(38,705)</u>	<u>(7,636)</u>
	<u>—</u>	<u>133</u>

The Group enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency contracts. The financial derivative assets and liabilities are carried at their fair value.

At 30 September 2022 the fair value of forward exchange contracts in an asset position was £38,705k (2021: £7,769k) and the fair value of forward exchange contracts in a liability position was £38,705k (2021: £7,636k).

## THE CURRENCY CLOUD LIMITED

**Notes to the financial statements (continued)**  
**For the period ended 30 September 2022****17. Called up share capital**

Allotted, called up and fully paid	Number of shares			
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Class and nominal value			£'000	£'000
Ordinary shares of £1.00 each	12,350,000	5,850,000	12,350	5,850
	<u>12,350,000</u>	<u>5,850,000</u>	<u>12,350</u>	<u>5,850</u>

This represents the nominal value of shares that have been issued by the Company.

On the 31 March 2022, 2,000k Ordinary shares were issued for total consideration to the Company of £2,000k and on the 28 July 2022, 4,500k Ordinary shares were issued for total consideration to the Company of £4,500k.

**18. Profit and loss account**

This reserve comprises all current and prior year retained profits.

**19. Pension commitments**

The Company operates a defined contribution pension scheme. The pensions cost charge represents contributions payable by the Company to the fund and amount to £291k (2021: £275k). As at 30 September 2022, £446k (2021: £168k) was outstanding.

**20. Related party transactions**

The Company has taken advantage of the exemption provided by Section 33 Related Party Disclosures paragraph 33.1A of Financial Reporting Standard 102 from disclosing related party transactions entered into between the Company and other Group companies, where the subsidiary undertaking is wholly owned by a member of the Group.

**21. Ultimate controlling party**

The ultimate parent company is Visa Inc, a company incorporated in the United States of America, the immediate parent is The Currency Cloud Group Limited, a company incorporated in the United Kingdom. A copy of the Visa Inc financial statements are available from <https://investor.visa.com/>.

Visa Inc. became the ultimate controlling party when its subsidiary Visa Open Connect Limited (a company incorporated in the UK) acquired a controlling share of the share capital of The Currency Cloud Group Limited on 20 December 2021.