

Registration number:

07495895

# GOCARDLESS LTD

Annual Report and Consolidated  
Financial Statements

For the year ended 30 June 2022

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**Annual report and consolidated financial statements**  
**GoCardless Ltd**  
**Year ended 30 June 2022**

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**GoCardless Ltd**  
**Glossary of terms**

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**Below are definitions relating to some of the company-specific terms used throughout this document.**

<b>Term used</b>	<b>Definition</b>
<b>Account to Account Payment</b>	Payments which move money directly from one account to another without the need for additional intermediaries or payment instruments, such as cards
<b>Activations</b>	Number of merchants activating – a merchant is considered activated when they have completed 6 actions (such as mandate creations or payment creations/collections) within a 40-day period
<b>Bookings</b>	The average annual contract value (ACV) for a Committed Revenue contract. This is calculated by dividing the total contract value that a merchant commits to by the contract term length
<b>Committed Revenue Account (CRA)</b>	Fixed-term contracts where merchants commit to paying for a pre-agreed minimum number of transactions, as well as additional fees for transactions above the minimum
<b>Payment Volume</b>	The number or value of successful payments processed
<b>Sign-ups</b>	Number of merchants opening an account – typically via the website, API or Partner integration
<b>Variable Revenue Account (VRA)</b>	Account where revenue is based on usage – typically on a % per transaction basis with a fixed-value minimum and cap

**GoCardless Ltd**

**Directors and professional advisors**

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**The board of directors**

H Takeuchi  
M Robinson  
T Bunting  
M Gibson

**Company secretary**

H Takeuchi  
M Robinson

**Registered office**

Sutton Yard  
65 Goswell Road  
London  
England  
EC1V 7EN

**Registered number**

07495895

**Auditor**

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

**GoCardless Ltd**  
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**Principal activities**

The principal activities of GoCardless Ltd (“the Group” or “GoCardless”) during the year were, and will continue to be, the provision of software which allows merchants to collect payments directly from their customers bank accounts in multiple geographies and currencies. This provides merchants with an alternative solution to credit cards or traditional methods of collecting payment using bank transfer or cheques. These activities are carried out through the operating companies GoCardless Ltd, a UK registered company (“the Company”), and GoCardless SAS, a French registered company.

The vision is to be the world's bank payment network allowing merchants to collect payments direct from bank accounts allowing them to improve the cash-flow of their business by taking away uncertainty of when they will be paid, by reducing the chasing of payments and conflict between merchants and their customers. This allows merchants to become more efficient driven by the GoCardless API and where relevant, its integration with partners.

In addition to processing transactions, GoCardless (“GC”) offers a range of additional products. Success+ reduces failed payments, using payment intelligence to optimise the timing of collections, increasing the rate at which payment transactions are processed successfully. GC also offers customer care packages with premium customer support services. During the period GoCardless launched “Instant Bank Pay” for one-off transactions which uses Open Banking APIs to process payments. It is believed that combining Open Banking with existing Direct debit processing will allow GoCardless to grow its addressable market.

The GoCardless platform connects the banking platforms of the UK, Europe, US, Canada, Australia and New Zealand through a seamless integration that also allows collection in multiple currencies through a partnership with Wise, which was successfully launched at the end of 2019 as “International Payments”.

During the year ended 30 June 2022, the Group processed £22.7 billion worth of transactions for over 76k organisations globally. Merchants range from small businesses to larger enterprises, with small businesses using the self-serve platform and larger merchants receiving dedicated sales and customer service management. In addition to existing offices in London, Paris, Munich, Melbourne and San Francisco, an additional office was opened in New York in July 2021. Employee numbers grew from 586 at the start of July 2021 to 825 by June 2022, with investments across all departments and geographies.

During the year, contracts with merchants were increasingly signed on a committed basis providing greater certainty over future revenues. Through commitments, merchants gain access to more competitive pricing, alongside having sales support and for larger clients, a customer service representative.

Increasingly, CRA has originated from converting existing merchants who had originally signed up on-line for the basic service and have since grown their usage with GoCardless such that they are making longer term commitments to volumes and purchasing packages with additional support services.

The management team has also been significantly enhanced with both executive and senior leadership hires.

The Group's parent company, Groupay Inc, raised \$306.0m through its Series G funding in February 2022.

**Trading performance – key performance indicators**

The results and financial statements presented are for the twelve months beginning 1 July 2021 and ended 30 June 2022 with prior period comparatives of the eighteen months beginning 1 January 2020 and ended 30 June 2021. For comparative purposes an unaudited comparative period of the year beginning 1 July 2020 and ended 30 June 2021 may be given in the strategic report.

The directors consider the following to be key indicators of performance:

- revenue split between Committed and Variable Revenue Accounts (CRA and VRA);
- revenue split between UK & Ireland and International;
- bookings (ACV), sign ups and activations as indicators of growth for new business; and
- volume of transactions processed.

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	12 Months Ended 30 June 2022	12 Months Ended 30 June 2021	18 Months Ended 30 June 2021
Revenue (£)	70.4m	48.7m	68.0m
CRA	26.3m	15.0m	19.5m
VRA	44.1m	33.7m	48.5m
Revenue UK & Ireland	56.4m	40.3m	56.7m
International	14.0m	8.4m	11.3m
Bookings (£)	15.3m	10.8m	14.4m
Sign ups	87k	76k	112k
Activations	19k	21k	30k
Payment Volume (£)	22,679m	15,747m	22,183m

## Trading performance – review of the period

### Revenue

Revenue for the year ended 30 June 2022 was £70.4m which represents a 45% increase versus the year ended 30 June 2021 (£48.7m) and was driven by an increase in both our variable and committed revenues, growing by 31% (£10.4m) and 75% (£11.3m) respectively.

As a result of a continued focus on committed accounts and volume, revenue from CRA as a percentage of our total revenue grew from 31% in the year ended 30 June 2021 to 37% in the year ended 30 June 2022. The increase in CRA revenue was driven by a 41% increase in bookings which totalled £15.3m for the year ended 30 June 2022 (year ended 30 June 2021: £10.8m). The period ended 30 June 2022 saw a mix of new deals and upsells from a broad merchant base.

Revenue from our international locations grew by 68% to £14.0m in the year ended 30 June 2022 (year ended 30 June 2021: £8.4m), increasing the international revenue share to 20% of our total revenues (year ended 30 June 2021: 17%). Revenue in the UK & Ireland grew by 40% over the same period to £56.4m (30 June 2021: £40.3m). Additionally, total volume processed for our merchants increased by 44% in the year ended 30 June 2022.

### Financial Results

The Group's administrative expenses were £114.1m for the year ended 30 June 2022 (18 month period ended June 30: £96.6m). The Group generated an operating loss before depreciation for the year ended 30 June 2022 of £60.9m (18 month period ended 30 June 2021: £44.8m) and a net loss of £62.8m for the year ended 30 June 2022 (June 2021: £46.8m), which is an increase of 34% in net loss while revenues increased by 4% in the year against the prior 18 month period.

The continued investment in products including Open Banking, improvement in meeting the increasingly complex compliance needs of a global business and investment in the growth engines of sales and marketing all lead to the increase in administration spend and thus increased operating loss before depreciation.

## Cash flow, banking facilities and financial position

The Group finished the year ended 30 June 2022 in a strong financial position with closing cash and cash equivalents of £76.1m (June 2021: £82.2m). During the year, the Group secured a £25m letter of credit secured by a bank deposit held as collateral which has contributed to the increase in Other receivables: amounts over one year, from £5.6m as at 30 June 2021 to £28.6m as at 30 June 2022. The purpose of the letter of credit is to fulfil regulatory safeguarding requirements. During the year, the amount of time funds were held in the Settlement bank account after confirmation was reduced from a "day plus one" basis to a same day basis. This has resulted in a lower average end of day balance in the Settlement bank account with an equal impact to the Settlement account liability.

In December 2021, the Group's parent, Groupay Inc, initiated a series G fundraising round which closed in February 2022 and raised \$306.0m. The Group has access to the cash held by Groupay Inc on an unrestricted basis. Net current assets at 30 June 2022 increased to £37.3m from £25.1m as at 30 June 2021.

### Prospects

The Directors see prospects for the Group as being healthy. The financial performance of the Group may be impacted by the high rates of inflation and the low rates of economic growth currently being experienced in some of its principal markets, including the UK and Europe. The most significant risk being to revenue from payment transaction processing, which is exposed to the financial performance of the merchants served by the Group. The Group may also incur higher operating costs due to price inflation. To date, the Group has seen only small signs of the potential impact of these factors with a marginal reduction in the rate of revenue growth in a number of months after the end of the current period. Current expectations are that these macro economic factors will not have a significant impact on financial performance, in part due to a number of factors that in the view of the Director's will go some way to mitigate potential losses. These factors include a diversified merchant base that reduces the Group's exposure to sectors that are the worst affected and that some protection against the impact of inflation is provided by the Group's revenue model, since a significant portion of revenue is from fees calculated as a percentage of the payment volumes processed for merchants. The Directors also believe that the market opportunity remains strong since account to account payments are especially well suited to serve merchants in the current economic environment, tending to help as they do, with debt recovery and cash-flow.

The Group continues to enhance its UK market position in product, technology and domain skills, all of which will significantly improve a growing market position while continuously assessing and improving the offering of its direct debit payment schemes. In addition, the Group continues to be supported by the resources and expertise of its investors, with the existing venture capital investors enhanced through the series G fundraising with Permira and Blackrock leading the round.

The Directors believe that as Open Banking Access is rolled out globally there will be a resulting global shift in demand towards account to account payments with increased use cases for automated on-line payments direct from bank accounts. The Directors believe the Group is uniquely placed to leverage its existing infrastructure in combination with the development of Open Banking access to become a leader in account to account payments, resulting in growing and ongoing demand for the Group's products and services. In July 2022, Groupay Inc, the Group's parent company acquired SIA Nordigen Solutions ("Nordigen"). Based in Latvia, Nordigen has invested in building connections over APIs with numerous banks. GoCardless, through its combination with Nordigen, intends to further enhance its Open Banking products.

The Group currently has a very low market share and thus sees the opportunity for growth as extensive. In addition to expanding the reach of Open Banking products, and following on from the release of Success+, in July 2022 the Group launched Protect+, a further payment intelligence product. Built specifically for account to account payments, Protect+ is the Group's first anti-fraud product and integrates seamlessly with GoCardless payments to automatically identify, prevent and monitor potential fraudulent payers, protecting merchants' revenue from losses due to chargebacks.

The top 20 merchants account for 10% of total revenue in the twelve months to 30 June 2022 compared to 12% in the twelve months to 30 June 2021. The continued expansion into the Mid-Market and Enterprise segments is

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expected to also drive growth alongside the continued growth of small business. In total the Group now serves more than 76k merchants as at the end of June 2022 (June 2021: 66k).

Both new and existing partnerships are also expected to drive growth. Partnerships account for 41% of revenue in the twelve months to 30 June 2022 compared to 40% in the twelve months to 30 June 2021.

During the financial year significant investment was made to expand the development team and invest in risk and compliance teams to accelerate the drive into open banking.

## Managing Risk

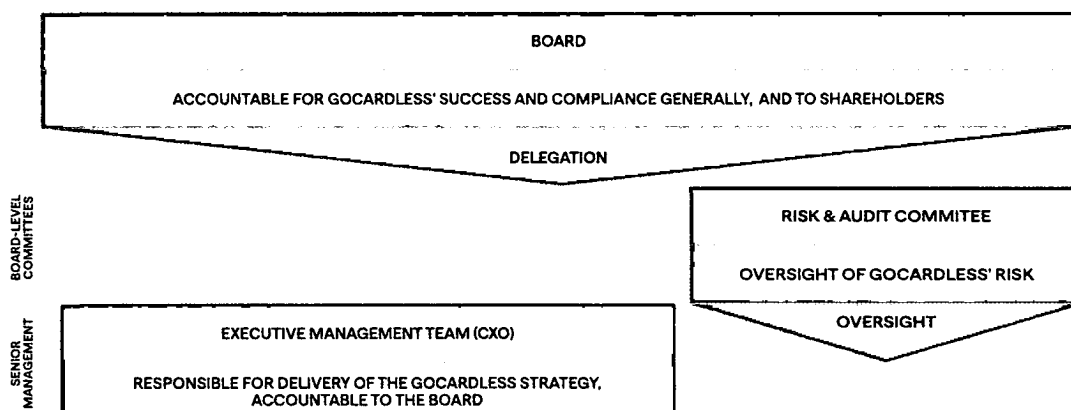
As part of its operating activities, the Group is exposed to a number of risks, both internal and external. The Group looks to manage these risks on an ongoing basis. These risks are managed in line with the Group's Enterprise Risk Management Framework.

### Enterprise Risk Management Framework

The Group implements a risk management framework ("ERM") that is based on the Enterprise Risk Management – Integrated Framework as issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and looks to achieve a balance approach between structure, depth and manageability as is appropriate for a group of its stage and maturity. The ERM ensures that risks are identified, tracked and managed throughout the Group. The ERM looks to ensure that the Group is provided with a safe 'envelope' in which to operate, that is, one which is within the Group's risk tolerance. Importantly, the ERM is tied to the Group's mission so as to ensure that overall direction is not lost when considering risk mitigation. Crucial in this connection between the ERM's mission and that of the Group are the 'business risk objectives', which crystallise the main aims of the ERM, and which if achieved, should ensure that both the Group mission and the ERM mission are achieved. These objectives are to:

- Satisfy the Group's regulatory obligations;
- Minimise the Group's losses and inefficiencies; and
- To provide the Group's services as promised.

The ERM also sets out roles and responsibilities of the Board, senior management and internal committees. The Group has implemented a Risk and Audit Committee that is represented by Board members, senior management and second line risk owners. On a practical level, a separate management-level risk committee is responsible for the internal implementation of the ERM.



### Three lines of defence

The Group has partially implemented a three lines of defence model for the identification and management of its internal and external risks. The first line comprises all staff engaged in sales and marketing activities, as well as all functions responsible for supporting them, including finance and the people team; they are responsible for

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identifying risks 'at the coal face', setting and monitoring appropriate controls at an operational level, and reporting on those risks to the second line. The second line is represented by the internal risk committee and is responsible for setting risk policy in-line with the ERM. The Group does not currently have an internal audit function that would ordinarily be seen to comprise the third line; instead, the Group relies on a number of externally instructed audits to ensure that the third line responsibility of oversight and independent assurance is fulfilled in respect of key risk areas. The legal function provides support to all risk areas and is closely involved in all risk management processes.

Certain entities within the Group maintain their own risk management processes in line with regulatory requirements. For example GoCardless SAS has its own risk management approach that is focused on permanent and periodic control.

**Risk profile**

The Risk and Audit Committee meets at least twice a year to approve the Group's risk management processes, to oversee the execution of those processes, and to ensure that there is board-level discussion on specific risks and the Group's approach to them. Information shared with the Risk and Audit Committee includes the outcome of external audits, updates on risk management approach and status and updates on new or emerging risks.

**Areas not managed by the ERM**

The strategic and people risks are managed through a cadence of weekly or where appropriate quarterly meetings attended by the Executive Management team.

The main strategic risks to the Group's business arise from deterioration in general economic conditions, increased competition and increased legal or regulatory burdens affecting the industry. Worsening economic conditions or a shift in the Group's competitive landscape could cause demand for its products and services to fall, impacting revenue growth potential and/or profit levels. To mitigate the impact of reduced demand for the Group's products and services, the Group continues to heavily invest in the development of new technologies to maintain its competitive advantage while increasing investment in understanding the regulatory environment from industry experts and advisors. The Group's global expansion will also help to diversify the risk of exposure to a single market, such as the UK. The main people risk is talent management – the attraction and retention of key talent, amid fierce competition in the technology and financial services markets. The Group continues to invest in its people and processes to mitigate those risks.

**Principal risks and uncertainties**

The risk areas associated with the Group's activities and managed by the ERM are set out below. Each of these risks is overseen by a senior individual within the Group who is responsible for the setting of direction, policy, procedures and standards for that risk, and who is a member of the internal risk committee.

<b>Risk</b>	<b>Key areas</b>	<b>How risks are managed</b>
<b>Accounting and Tax</b>	Financial reporting, taxes, liability management, billing and foreign exchange.	The Finance team is responsible for the management of this risk area. Risks are managed through the design and operation of controls. Most controls, whilst in place, are not, as yet, fully formalised. A programme is underway to standardise the control framework.
<b>Anti-Money Laundering and Counter-Terrorist Financing</b>	Due diligence and know your customer, sanctions, third parties, customer lifecycle, transaction monitoring and reporting.	The MLRO is responsible for assessing and managing this risk area, working closely with the compliance operations team that implements suitable controls, automations and processes. An annual external compliance audit is undertaken.

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Risk	Key areas	How risks are managed
<b>Cyber &amp; Physical Security</b>	External and internal breaches of data and funds, incident management, physical security and accreditation.	<p>GoCardless's privacy &amp; security risk and engineering teams are responsible for all aspects of security. They work to prevent unauthorised use of data, both internal and external. They set and monitor controls for data security, application security and physical security.</p> <p>Our security is tested with annual independent penetration tests, and ISO27001 accreditation maintained with a regular schedule of internal and external audits.</p>
<b>Fraud &amp; Credit</b>	Payee fraud and payer fraud, merchant insolvency and merchant reputation.	<p>The credit team is responsible for assessing and managing credit exposure due to future dated services risk.</p> <p>The fraud team is responsible for detecting potential payer and payee fraud and implementing controls to manage fraud losses.</p> <p>The credit and fraud risk strategy objective is to automate decisioning, escalating select cases for expert human review. We are working to select and implement decisioning systems with automated logic and a case management tool to manage the manual workflow.</p>
<b>Regulatory &amp; Legal</b>	<p>Contractual liability, regulatory reporting, product change, current regulatory requirements, future regulatory requirements, international expansion, intellectual property and confidentiality.</p> <p>Regulatory capital and safeguarding requirements</p>	<p>The legal and regulatory compliance teams support the organisation in identifying and mitigating legal and regulatory risks.</p> <p>The Regulatory team oversees controls to ensure the Group complies with its obligations to safeguard merchant funds and maintain sufficient capital.</p>
<b>Payment Processing</b>	Payout processes, collection processes, scheme access, reconciliation, revenue reclamation, FX processes and bank report processing.	The global payment partnerships team is responsible for payment processing risk, working together with a number of other teams – particularly the product teams responsible for banking, and the finance, legal and regulatory compliance teams.

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<b>Risk</b>	<b>Key areas</b>	<b>How risks are managed</b>
<b>Privacy &amp; Data Protection</b>	Internal and employee data use, data breaches, third parties, marketing, operational privacy, product, subject rights and merchant requirements.	The Data Protection Officer is responsible for privacy and data protection risk, overseeing appropriate use of data within the company and respect for fundamental human rights to informational self-determination.  GoCardless' global privacy programme maintains compliance with privacy and data protection regulatory obligations in the countries we operate in. Key controls, testing and metrics that provide evidence of compliance are compiled and communicated in a GDPR-standard accountability mechanism.
<b>Resiliency</b>	Operational disruption to our front-end interfaces (API, dashboard, payment pages etc) and payment processing functions (payouts, collections, scheme access, FX etc).	Resiliency and continuity is overseen by a team in the Enterprise Risk Group, with the support of banking operations functions, payment partnerships, finance, regulatory compliance and engineering teams.

#### **Impact of high inflation in some of the principal markets served by the Group**

The financial performance of the Group may be impacted by the high rates of inflation and the low rates of economic growth currently being experienced in some of its principal markets, including the UK and Europe. The most significant risk being to revenue from payment transaction processing, which is exposed to the financial performance of the merchants served by the Group. The Group may also incur higher operating costs due to price inflation. To date, the Group has seen only small signs of the potential impact of these factors with a marginal reduction in the rate of revenue growth in a number of months after the end of the current period. Current expectations are that these macro economic factors will not have a significant impact on financial performance. The Group does not have a disproportionate reliance on any one sector or sectors. Management believes that this diversification of its merchant base provides some protection to Group revenue. In addition, it is the view of Management that there is a level of protection from the impact of inflation on revenue, as a significant portion of revenue is based on a percentage of the payment volumes processed for merchants. Further the Group is well capitalised, and management believes that the account to account payment transaction services provided by the Group, are well suited to serve merchants in the current economic environment, helping merchants improve their cash-flow and as such, the market opportunity remains strong.

#### **Corporate governance and Section 172(1) Statement Reporting**

The directors of the company, both individually and together, consider they have acted in the way considered, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (as specified in s172(1)(a-f) of the act) and to have put in place the appropriate processes and activities to allow S.172 to be addressed.

#### **Risk Management**

The directors of the company manage risks on an ongoing basis using the Enterprise Risk Management framework. This framework sets out the roles and responsibilities of those charged with governance. Please see the "Managing Risk" section of the Strategic Report for more details on how risk is managed.

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**Strategic Report**  
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**Employees & Culture**

At GoCardless we're proud of our open, inclusive and global culture. We're driven by our values and, right across our organisation, we use a variety of methods and channels to keep employees informed and engaged in all aspects of our journey. Please see the "Employees" section of the Directors' Report for more details.

**Business Partners**

Both new and existing partnerships are expected to drive growth. For further details on how we engage with our partners please see the "Principal activities" and "Prospects" sections of the Strategic Report.

**Environment**

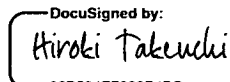
The company remains dedicated to improving its energy efficiency. Please see the "Streamlined Energy and Carbon Reporting" of the Directors' Report for more details.

**Shareholders**

The strong relationship with shareholders is evidenced through the February 2022 series G investment round led by Permira and Blackrock and the continuous investor relations work of the Group.

The financial statements on pages 20 to 54 were approved by the Board of Directors on 15 December 2022 and signed on its behalf by:

DocuSigned by:



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Hiroki Takeuchi

Director

15 December 2022

**GoCardless Ltd**  
**Directors' Report**  
**Year ended 30 June 2022**

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**Statement of Directors' Responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with UK-adopted international accounting standards.

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

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

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 Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

**Donations**

Worldwide charitable donations made by the Group during the period were £36k (June 2021: £43k). No political donations or political expenditures have been incurred by the company or its subsidiaries in the current year or prior period.

**Research and Development**

The Group will continue to invest in its software development and innovation of its products. The Group expects to claim around £2.0m (18 month period ended 30 June 2021: £2.0m) in income tax credits on qualifying expenditure of £6.0m (18 month period ended 30 June 2021: £5.9m) for research and development for the year ended 30 June 2022.

**Employees**

At GoCardless we're proud of our open, inclusive and global culture. We're driven by our values and, right across our organisation, we use a variety of methods and channels to keep employees informed and engaged in all aspects of our journey.

Our values underpin every aspect of life at GC: we conduct 'Values fit' interviews as part of our recruitment process - run by existing employees - which help us hire those who not only have the skills and experience we're looking for but can positively contribute to building our culture.

Diversity is hugely important to us and we welcome applications from those with disabilities and from under-represented backgrounds. Throughout our hiring and onboarding process we make any reasonable adjustments necessary to create a level playing field and continually look at how we can improve in this area. We also have active 'employee resource groups' (such a BEAM and Rainbow) that are supported and sponsored by members of our Exec team; they work to engage and inspire our employees on diversity & inclusion topics throughout the year.

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It is GoCardless policy to treat all employees and applicants for employment the same way, regardless of sex, marriage & civil partnership, race, disability, religion or belief, gender reassignment, sexual orientation, pregnancy & maternity. This statement is in conjunction with GoCardless Equality Diversity and Inclusion policy.

GoCardless is committed to promoting equality and opportunity for people with disabilities. We are working towards better employment practices to ensure that those with disabilities receive full and fair consideration for all types of job roles, vacancies, training, career development and promotion. Wherever possible GoCardless will support employees who become disabled including retraining and redeployment where reasonably practicable.

GoCardless seeks to be recognised as an employer who provides valuable employment opportunities for people with disabilities. Individuals who apply to GoCardless will receive fair treatment and be considered solely on their ability to do the job.

With the right team in place, we want everybody to take ownership of our shared success and we do this by offering equity to all eligible employees; we believe having this 'buy in' is a vital part of building a successful business where everybody – regardless of their role – can make a valuable contribution.

We're committed to sharing key business information and updates clearly and concisely through a range of channels. Each week we invite everybody to our CEO-led Town Hall which, as we've scaled and gone global, we've adapted to help all of our employees feel included, whatever their time-zone with an alternating schedule that gives everybody a chance to join live.

One of our most important cultural milestones is 'GC Live', where the whole business comes together for a day of learning, engagement and fun. This is where we share the big picture topics like company strategy, milestones and recognise outstanding contributions.

There are a host of other ways we engage with the business, including our quarterly financial updates, OKR (objectives and key results) check-ins designed to keep everybody up to date on the progress we're making against our objectives for the year and, of course, department-specific meetings which help our teams interact with leadership and understand their priorities.

None of these interactions would be successful without a strong culture of listening. We continually enable two-way conversations and actively listen to what our employees have to say. Initiatives include our annual engagement survey, shorter, ad-hoc 'pulse' check-ins (which are particularly useful when we're looking for specific feedback on a certain topic) as well as frequent Q&A and 'Ask Me Anything' style sessions where we never shy away from answering any question an employee wishes to ask. Management has ensured that the majority of these interactions have continued during the period of remote working stemming from the Covid-19 outbreak.

#### **Future Outlook**

The directors are confident of the future performance of the Group. The Group has enjoyed strong revenue growth and an increased merchant base, which is a central driver for the future growth of the Group.

In December 2021, the Group's parent company initiated a series G investment round generating \$306.0m of equity funding. This will provide sufficient financial resources to fund the Group's operations and growth for the foreseeable future.

#### **Going concern**

The Group meets its day-to-day working capital requirements using cash in hand. The Group's parent company raised \$95.0m through its Series F round in 2020, of which, £39.3m, has been invested into the Group as of the date of this report. Further, the Group's parent company raised \$306.0m through its Series G round in February 2022.

The Directors recognise that the impact of high inflation in some of the principal markets served by the Group creates risks and uncertainties, as set out on page 8, however the Directors believe that the diversification of its merchant base, and that a significant portion of its revenue is based on a percentage of processed payment volumes, provide the Group some protection against the impact of inflation in pricing. The Directors believe that the risk of inflation in costs is mitigated due to a mix of the protection afforded by existing contractual terms as well as certain cost rationalisation activities through limited restructuring and specific non-headcount items. The Group is also controlling costs by restricting salary increases and planning to increase the use of offshoring in

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certain roles. These factors combined with the high level of cash resources available to the Group, provide sufficient liquidity, in the view of the Directors. To date, no significant changes or losses have been observed due to high inflation.

The Group has been monitoring the ongoing conflict in Ukraine closely and following escalations in the region and the addition of sanctions from several countries. We believe that we are in compliance with requirements from our regulators, including the FCA and their communications. We have carried out a review of the Group's exposure to Ukraine and Russia (including looking at clients, shareholders, suppliers) which concluded that our exposure is very low.

The Group has obtained a payment services license from the Autorité de contrôle prudentiel et de résolution ("ACPR"). This license allows the Group to provide services to merchants operating within the EU which has therefore eliminated the impact of any cessation of the passporting of financial services licenses by UK businesses at the expiry of the transition period for the UK's exit from the European Union (EU) on 31 December 2020, or thereafter.

The Company has received a confirmation from its parent undertaking, Groupay Inc. that it will provide financial support to the Company to meet its financial obligations, should the Company otherwise be unable to meet them, for a period at least until 31 December 2023.

In light of the above factors, the Directors have considered the financial position of the Group, its expected cash flows, liquidity position and borrowing facilities when assessing the ability of the Group to meet its operational obligations for the foreseeable future being at least 12 months from the date of approval of these financial statements and as such the Director's consider it appropriate to prepare the Group financial statements on a going concern basis.

**Indemnity Provisions**

Directors' and officers' insurance cover has been established for each of the Directors to provide cover against their reasonable actions on behalf of the Company. The indemnities, which constitute a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006, was in force during the financial year and remains in force for all current Directors.

**Streamlined Energy and Carbon Reporting**

The following table presents the streamlined energy and carbon reporting for all GC locations including the US based sister company GoCardless Inc. ("GC Inc").

UK GHG Emissions in tCO <sub>2</sub> e	Year ended 30 June	18 month period
	2022	ended 30 June 2021
Scope 1 Location Based	0.18	0.28
Scope 1 Market Based	0.18	0.28
Scope 2 Location Based	49.17	62.21
Scope 2 Market Based	-	17.81
Scope 3 Location Based	7,814.57	9,980.51
Scope 3 Market Based	7,540.04	9,400.54
Total Location Based	7,863.92	10,043.00
Total Market Based	7,540.22	9,418.63
Energy Use (KWH)	253,249	276,472

**GoCardless Ltd**  
**Directors' Report**  
**Year ended 30 June 2022**

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Scope 2 market based is zero as the majority of our electricity use comes from our London HQ which uses 100% renewable electricity (certified by the carbon trust). For our serviced offices – where we have no control over the energy provider – we worked with Big Clean Switch to procure renewable energy via EACs (Energy Assurance Certificates) in those regions to account for our energy use.

Intensity Ratio: 10.27 Xt Co2e/AveFTE (based on the combination of the above scope 1, 2 and 3 emissions total market-based and average headcount)

Inventory Period: 1st July 2021 to 30th June 2022

Calculation Methodology: GHG Protocol

Principal measures to improve energy efficiency: Establishing our Science Based Targets: Near-Term 2027 and Long-Term (Net-Zero) 2035, low energy LED lighting; PIR sensors and timing schedules for lighting; timing schedules for screens and devices; desk mounted controls; updated building management system to optimise the heating and cooling demand across the building, Ensuring continual maintenance of HVAC to prevent F-Gas leakage.

Our Climate Impact reports and Methodology are externally reviewed by Carbon Footprint Ltd. The review period is the calendar year from 1st January 2021 to 31st December 2021. The data from 1 January 2022, presented above, is unreviewed with a consistent methodology used.

We are also co-founding signatories of Tech Zero and committed to the Science Based Targets initiative.

**Branches**

The Company maintains branches in Australia and New Zealand for operational purposes.

**Dividend**

The Directors do not recommend the payment of a dividend for the period ended 30 June 2022 and no dividend was paid for the year ended 30 June 2021.

**Post balance sheet events**

No significant events have occurred between the balance sheet date and the date of the signature of this report.

**Directors**

The directors who served the Company during the year and up to the date of signing were as follows:

Hiroki Takeuchi  
Matthew Robinson  
Timothy Bunting  
Martin Gibson

Stephen Chandler resigned from the Board of Directors the 1<sup>st</sup> November 2022.

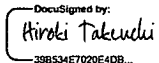
**Disclosure of information to the auditor**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Independent Auditor**

Pursuant to Section 487 of the Companies Act 2006 the auditor will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the board:

  
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Hiroki Takeuchi

Director

15 December 2022

# Independent auditors' report to the members of GoCardless Ltd

## Report on the audit of the financial statements

### Opinion

In our opinion, GoCardless Ltd's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2022 and of the group's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated statement of financial position and the Company statement of financial position as at 30 June 2022; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and Company statement of equity and the Consolidated and Company statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

### Independence

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

### Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and 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.

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.

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

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

### Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

**GoCardless Ltd**  
**Directors' Report**  
**Year ended 30 June 2022**

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

**Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 June 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

**Responsibilities for the financial statements and the audit**

**Responsibilities of the directors for the financial statements**

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

In preparing the financial statements, the directors are responsible for assessing the group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the rules of the Financial Conduct Authority relating to Payment Services Providers and similar rules applicable in the local jurisdictions of significant subsidiary companies of the parent, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK and overseas tax law. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and the risk of management bias in material accounting estimates. Audit procedures performed by the engagement team included:

- Target testing of journals with unusual account combinations based on our understanding of business-as-usual operations and other factors that could indicate that they could be of heightened risk of fraud;
- Challenging assumptions and judgements made by management to validate the significant assumptions within material accounting estimates;
- Discussions with the Risk function of the Group and reviewing documentation considered by the Risk and Audit Committee during the period;
- Review of the litigation log for evidence of any open litigation and claims;
- Review of the regulatory breaches register and regulatory correspondence during the period; and
- Reviewing the financial statement disclosures and agreeing them to underlying supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

**GoCardless Ltd**  
**Directors' Report**  
**Year ended 30 June 2022**

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**Use of this report**

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

## Other required reporting

### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Sheena Coutinho (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
15 December 2022

**GoCardless Ltd**  
**Consolidated income statement**  
**Year ended 30 June 2022**

	Notes	Year ended 30 Jun 2022	18 month Period ended 30 Jun 2021
		£	£
Turnover	4	70,368,370	67,973,479
Cost of sales	5	(15,026,761)	(14,108,583)
<b>Gross profit</b>		<b>55,341,609</b>	<b>53,864,896</b>
Administrative expenses	5	(114,099,243)	(96,619,531)
Impairment on financial assets	6	(2,096,656)	(1,996,991)
<b>Operating loss before depreciation and amortisation</b>		<b>(60,854,290)</b>	<b>(44,751,626)</b>
Depreciation	7&8	(1,701,009)	(2,152,929)
Amortisation	9	(313,078)	(317,469)
<b>Loss before foreign exchange, interest, and taxes</b>		<b>(62,868,377)</b>	<b>(47,222,024)</b>
Foreign exchange (loss)		(1,120,337)	(1,475)
Interest payable and similar charges	10	(377,470)	(1,391,600)
Interest receivable	10	6,513	52,134
<b>Loss before tax</b>		<b>(64,359,670)</b>	<b>(48,562,965)</b>
Income tax expense	11	(396,779)	(213,447)
Income tax credit	11	2,002,539	1,954,852
<b>Loss for the financial year</b>		<b>(62,753,909)</b>	<b>(46,821,560)</b>

**Consolidated statement of comprehensive income**  
**Year ended 30 June 2022**

	Year ended 30 Jun 2022	18 month Period ended 30 Jun 2021
	£	£
Loss for the year	(62 753 909)	(46 821 560)
<b>Other comprehensive income/(expense)</b>		
Items that may be subsequently reclassified to income statement:		
Equity Adjustment from Foreign Currency Translation	(1 249 395)	(250 947)
<b>Total comprehensive loss attributable to equity holders</b>	<b>(64 003 304)</b>	<b>(47 072 507)</b>

The accompanying accounting policies and notes (pages 26–54) form part of these financial statements.

## GoCardless Ltd

## Consolidated statement of financial position

Year ended 30 June 2022

	Notes	Year ended 30 Jun 2022 £	18 month period ended 30 Jun 2021 £
<b>Non-current assets</b>			
Property, plant and equipment	7	2,465,450	2,439,805
Intangible assets	9	2,353,634	647,552
Other receivables: amounts over one year	6	28,649,866	5,611,660
Property lease	8	4,475,537	5,314,700
		<b>37,944,487</b>	<b>14,013,717</b>
<b>Current assets</b>			
Trade and other receivables	6	24,269,922	14,602,392
Cash at bank and in hand		73,295,391	37,477,845
Settlement bank account		2,825,728	44,704,001
		<b>100,391,041</b>	<b>96,784,238</b>
<b>Current liabilities: amounts falling due within one year</b>			
Trade and other creditors	12	(39,552,520)	(17,170,779)
Property lease liability	8	(489,130)	(1,114,656)
Settlement account liability		(2,825,728)	(44,704,001)
Amounts owed to other GoCardless entities	3	(20,235,978)	(8,694,740)
		<b>(63,103,356)</b>	<b>(71,684,176)</b>
<b>Net current assets</b>		<b>37,287,685</b>	<b>25,100,062</b>
<b>Non-current liabilities: amounts falling due after more than one year</b>			
Property lease liability	8	(4,665,146)	(5,154,275)
		<b>(4,665,146)</b>	<b>(5,154,275)</b>
<b>Total liabilities</b>		<b>(67,768,502)</b>	<b>(76,838,451)</b>
<b>Net assets</b>		<b>70,567,026</b>	<b>33,959,504</b>
<b>Capital and reserves</b>			
Called-up equity share capital	13	232,380,027	134,380,027
Other reserves	13	10,886,198	8,275,373
Foreign currency translation reserve	13	(1,513,029)	(263,635)
Retained earnings		(171,186,170)	(108,432,261)
<b>Shareholders' funds</b>		<b>70,567,026</b>	<b>33,959,504</b>

These financial statements were approved by the Board of Directors and authorised for issue on 15 December 2022.

Signed on behalf of the Board by:

DocuSigned by:  
Hiroki Takeuchi  
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Hiroki Takeuchi

Director

Company number 07495895

The accompanying accounting policies and notes (pages 26-54) form part of these financial statements.

## GoCardless Ltd

## Statement of financial position

Year ended 30 June 2022

	Notes	Year ended 30 Jun 2022 £	18 month period ended 30 Jun 2021 £
<b>Non-current assets</b>			
Property, plant and equipment	7	2,454,010	2,430,930
Intangible assets	9	2,353,634	647,552
Other receivables: amounts over one year	6	28,592,688	5,554,668
Property lease	8	4,475,537	5,314,700
Investment in subsidiary	15	5,165,022	5,165,022
		<b>43,040,891</b>	<b>19,112,872</b>
<b>Current assets</b>			
Trade and other receivables	6	21,699,466	13,392,524
Cash at bank and in hand		71,033,141	34,883,099
Settlement bank account		2,825,728	44,704,001
		<b>95,558,335</b>	<b>92,979,624</b>
<b>Current liabilities: amounts falling due within one year</b>			
Trade and other creditors	12	(36,135,159)	(15,343,861)
Property Lease Liability	8	(489,130)	(1,114,656)
Settlement account liability		(2,825,728)	(44,704,001)
Amounts owed to other GoCardless entities	3	(23,583,805)	(11,069,098)
		<b>(63,033,822)</b>	<b>(72,231,616)</b>
<b>Net current assets</b>		<b>32,524,513</b>	<b>20,748,008</b>
<b>Non-current liabilities: amounts falling due after more than one year</b>			
Property Lease Liability	8	(4,665,146)	(5,154,275)
		<b>(4,665,146)</b>	<b>(5,154,275)</b>
<b>Total liabilities</b>		<b>(67,698,968)</b>	<b>(77,385,891)</b>
<b>Net assets</b>		<b>70,900,257</b>	<b>34,706,605</b>
<b>Capital and reserves</b>			
Called-up equity share capital	13	232,380,027	134,380,027
Other reserves	13	10,888,894	8,275,375
Foreign currency translation reserve	13	(1,382,006)	54,083
Profit and loss account for the year		(62,983,778)	(45,770,080)
Retained earnings brought forward		(108,002,880)	(62,232,800)
<b>Shareholders' funds</b>		<b>70,900,257</b>	<b>34,706,605</b>

As permitted by Section 408 of the UK Companies Act 2006, the Company's individual Income Statement has not been presented.

The accompanying accounting policies and notes (pages 26-54) form part of these financial statements.

**GoCardless Ltd**  
**Consolidated statement of cash flows**  
**Year ended 30 June 2022**

	Notes	Year ended 30 Jun 2022 £	At 30 Jun 2021 restated <sup>1</sup> £
<b>Cashflows from operating activities</b>			
Net loss		(62,753,909)	(46,821,560)
Adjustments for:			
Increase/(Decrease) in settlement account liability		(41,878,273)	7,594,927
Depreciation of property, plant and equipment	7	861,846	1,016,716
Amortisation of intangible assets	9	313,078	317,470
Property Lease depreciation	8	839,163	1,136,056
Share options expense	13	1,375,304	1,531,452
Finance costs	10	370,957	1,339,466
Changes in working capital:			
Increase in current trade and other debtors	6	(9,667,530)	(4,630,471)
Increase in non-current trade and other debtors	6	(23,038,206)	(2,391,378)
Increase in trade and other payables	12	22,381,740	9,330,781
Increase in amount owed to other GoCardless entities	3	11,541,237	8,694,739
<b>Cash used in operations</b>		<b>(99,654,593)</b>	<b>(22,881,802)</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	7	(900,303)	(670,559)
Additions to intangible assets	9	(2,019,160)	(38,000)
Repayment of amounts owed by Group's parent	6	-	14,359,033
<b>Net cash used in investing activities</b>		<b>(2,919,463)</b>	<b>13,650,474</b>
<b>Cash from financing activities</b>			
Finance costs paid	10	-	(448,906)
Finance costs received	10	6,513	52,134
Property lease capital repayment	8	(1,114,656)	(1,596,148)
Property lease interest expense	8	(377,468)	(942,694)
Repayment of borrowings		-	(2,000,000)
Proceeds from share related transactions	13	98,000,000	39,306,639
<b>Net cash from financing activities</b>		<b>96,514,389</b>	<b>34,371,025</b>
<b>Net increase in cash and cash equivalents</b>		<b>(6,059,666)</b>	<b>25,139,697</b>
Foreign exchange gain/(loss)		(1,060)	114,593
Cash and cash equivalents opening balance		82,181,846	56,927,556
<b>Cash and cash equivalents ending balance</b>		<b>76,121,119</b>	<b>82,181,846</b>
Settlement bank account balance		(2,825,728)	(44,704,001)
<b>Cash at bank and in hand ending balance</b>		<b>73,295,391</b>	<b>37,477,845</b>

<sup>1</sup> See note 2 "Accounting policies" for description of restatement.

The accompanying accounting policies and notes (pages 26-54) form part of these financial statements.

**GoCardless Ltd**  
**Statement of cash flows**  
**Year ended 30 June 2022**

	Notes	Year ended 30 Jun 2022 £	At 30 Jun 2021 restated <sup>2</sup> £
Cashflows from operating activities			
Net loss		(62,983,778)	(45,770,080)
Adjustments for:			
Increase/(Decrease) in settlement account liability		(41,878,273)	7,594,927
Depreciation of property, plant and equipment	7	855,803	1,011,334
Amortisation of intangible assets	9	313,078	317,470
Property Lease depreciation	8	839,163	1,136,056
Share options expense	13	1,375,304	1,531,452
Finance costs	10	370,957	1,339,466
Changes in working capital:			
Increase in current trade and other debtors	6	(8,306,942)	(842,076)
Increase in non-current trade and other debtors	6	(23,038,020)	(2,351,167)
Increase in trade and other payables	12	20,791,298	3,882,085
Increase in amount owed to other GoCardless entities	3	12,514,707	11,069,098
<b>Cash used in operations</b>		<b>(99,146,703)</b>	<b>(21,081,435)</b>
Cash flows from investing activities			
Additions to property, plant and equipment	7	(891,562)	(689,134)
Additions to intangible assets	9	(2,019,160)	(38,000)
Repayment of amounts owed by Company's parent	6	-	14,392,576
<b>Net cash used in investing activities</b>		<b>(2,910,722)</b>	<b>13,665,442</b>
Cash from financing activities			
Finance costs paid	10	-	(448,906)
Finance costs received	10	6,513	52,134
Property lease capital repayment	8	(1,114,656)	(1,596,148)
Property lease interest expense	8	(377,468)	(942,694)
Repayment of borrowings		-	(2,000,000)
Proceeds from share related transactions	13	98,000,000	39,306,639
<b>Net cash from financing activities</b>		<b>96,514,389</b>	<b>34,371,025</b>
<b>Net increase in cash and cash equivalents</b>		<b>(5,543,036)</b>	<b>26,955,032</b>
Foreign exchange gain/(loss)		(185,195)	362,225
Cash and cash equivalents opening balance		79,587,100	52,269,843
<b>Cash and cash equivalents ending balance</b>		<b>73,858,869</b>	<b>79,587,100</b>
Settlement bank account balance		(2,825,728)	(44,704,001)
<b>Cash at bank and in hand ending balance</b>		<b>71,033,141</b>	<b>34,883,099</b>

<sup>2</sup> See note 2 "Accounting policies" for description of restatement.

The accompanying accounting policies and notes (pages 26-54) form part of these financial statements.

## GoCardless Ltd

## Consolidated statement of equity

Year ended 30 June 2022

	Note	Share capital	Other reserves	Foreign currency translation reserve	Accumulated losses	Total Equity
		£	£	£	£	£
<b>Balance at 1 January 2020</b>	<b>13</b>	95,073,388	6,743,921	(12,687)	(61,610,701)	40,193,921
Net (loss) / income		-	-	-	(46,821,560)	(46,821,560)
Other comprehensive (loss) / income		-	-	(250,947)	-	(250,947)
<b>Total comprehensive (loss) / income</b>		-	-	<b>(250,947)</b>	<b>(46,821,560)</b>	<b>(47,072,507)</b>
Transactions with owners						
Share based payments	<b>13</b>	-	1,531,452	-	-	1,531,452
Shares allotted	<b>13</b>	39,306,639	-	-	-	39,306,639
<b>Total transactions with owners</b>		<b>39,306,639</b>	<b>1,531,452</b>	-	-	<b>40,838,091</b>
<b>Balance at 30 June 2021</b>		<b>134,380,027</b>	<b>8,275,373</b>	<b>(263,634)</b>	<b>(108,432,261)</b>	<b>33,959,505</b>
<b>Balance at 1 July 2021</b>		134,380,027	8,275,373	(263,634)	(108,432,261)	33,959,505
Net (loss) / income		-	-	-	(62,753,909)	(62,753,909)
Other comprehensive (loss) / income		-	-	(1,249,395)	-	(1,249,395)
<b>Total comprehensive (loss) / income</b>		-	-	<b>(1,249,395)</b>	<b>(62,753,909)</b>	<b>(64,003,304)</b>
Transactions with owners						
Share based payments	<b>13</b>	-	2,610,825	-	-	2,610,825
Shares allotted	<b>13</b>	98,000,000	-	-	-	98,000,000
<b>Total transactions with owners</b>		<b>98,000,000</b>	<b>2,610,825</b>	-	-	<b>100,610,825</b>
<b>Balance at 30 June 2022</b>		<b>232,380,027</b>	<b>10,886,198</b>	<b>(1,513,029)</b>	<b>(171,186,170)</b>	<b>70,567,026</b>

The accompanying accounting policies and notes (pages 26-54) form part of these financial statements.

GoCardless Ltd  
Statement of equity  
Year ended 30 June 2022

	Note	Share capital	Other reserves	Foreign currency translation reserve	Accumulated losses	Total Equity
		£	£	£	£	£
<b>Balance at 1 January 2020</b>	<b>13</b>	95,073,388	6,743,921	34,127	(62,232,800)	39,618,636
Net (loss) / income		-	-	-	(45,770,080)	(45,770,080)
Other comprehensive (loss) / income		-	-	19,956	-	19,956
<b>Total comprehensive (loss) / income</b>		-	-	<b>19,956</b>	<b>(45,770,080)</b>	<b>(45,750,124)</b>
Transactions with owners						
Share based payments	<b>13</b>	-	1,531,452	-	-	1,531,452
Shares allotted	<b>13</b>	39,306,639	-	-	-	39,306,639
<b>Total transactions with owners</b>		<b>39,306,639</b>	<b>1,531,452</b>	-	-	<b>40,838,091</b>
<b>Balance at 30 June 2021</b>		<b>134,380,027</b>	<b>8,275,373</b>	<b>54,083</b>	<b>(108,002,880)</b>	<b>34,706,603</b>
<b>Balance at 1 July 2021</b>		134,380,027	8,275,373	54,083	(108,002,880)	34,706,603
Net (loss) / income		-	-	-	(62,983,778)	(62,983,778)
Other comprehensive (loss) / income		-	-	(1,436,089)	-	(1,436,089)
<b>Total comprehensive (loss) / income</b>		-	-	<b>(1,436,089)</b>	<b>(62,983,778)</b>	<b>(64,419,867)</b>
Transactions with owners						
Share based payments	<b>13</b>	-	2,613,521	-	-	2,613,521
Shares allotted	<b>13</b>	98,000,000	-	-	-	98,000,000
<b>Total transactions with owners</b>		<b>98,000,000</b>	<b>2,613,521</b>	-	-	<b>100,613,521</b>
<b>Balance at 30 June 2022</b>		<b>232,380,027</b>	<b>10,888,894</b>	<b>(1,382,006)</b>	<b>(170,986,658)</b>	<b>70,900,257</b>

The accompanying accounting policies and notes (pages 26-54) form part of these financial statements.

**GoCardless Ltd**

**Notes to the consolidated financial statements**

**Year ended 30 June 2022**

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**1. General Information**

**Nature of operations**

GoCardless Ltd (the Company) is a private company limited by shares and incorporated in the United Kingdom, domiciled in the United Kingdom and its registered office is Sutton Yard, 65 Goswell Road, London, England, EC1V 7EN. The registered number of the Company is 07495895.

The Company together with its subsidiaries is referred to as "the Group". The Group's financial year is the 12 month period starting on 1 July and ending on 30 June. On 16 December 2020, the accounting reference period ending 31 December 2020 was extended to 30 June 2021, the comparative prior period has been prepared on this 18 month basis.

The Group financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 30 June. The immediate and ultimate controlling entity is Groupay Inc. ("parent company") whose registered address is 160 Greentree Drive, Suite 101, Dover, Kent, Delaware, 19904, U.S.A which is the largest group where financial statements are drawn up.

The main activity of the Group is the provision of software in relation to recurring payments.

**2. Summary of significant accounting policies and estimates**

**Basis of preparation**

The consolidated and individual financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards under the historical cost convention as modified by the recognition of certain financial assets and liabilities measured at fair value.

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Pounds Sterling (£), which is the functional and presentation currency of the Company.

The preparation of the financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. These accounting policies were consistently applied for all the periods presented.

**Going concern**

The financial statements presented within have been prepared on a going concern basis.

The Group meets its day-to-day working capital requirements using cash in hand. The Group's parent company, Groupay Inc, raised \$95m through its Series F round in December 2020 which was completed by an extension of \$10m in February 2021. The Group's parent company further raised \$306.0m through its Series G round in February 2022.

The Directors have provided an overview of the risks and uncertainties, as set out on page 8, however the Directors consider the good cash reserves provide sufficient liquidity. The Group has also considered the Group's principal risks in Note 3.

The Company has received a confirmation from its parent undertaking, Groupay Inc. that it will provide financial support to the Company to meet its financial obligations, should the Company otherwise be unable to meet them, for a period at least until 31 December 2023.

In light of the above factors, the Directors have considered the financial position of the Group, its expected cash flows, liquidity position and borrowing facilities when assessing the ability of the Group to meet its operational obligations for the foreseeable future being at least 12 months from the date of approval of these financial statements and as such the Director's consider it appropriate to prepare the Group financial statements on a going concern basis.

**GoCardless Ltd****Notes to the consolidated financial statements****Year ended 30 June 2022**

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**Changes in accounting policy and disclosures***Application of new or amended standards or new amendments*

The following pronouncements and related amendments have been adopted by us from July 1, 2021 but had no significant impact on the Consolidated Financial Statements:

- Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest rate benchmark reform – phase 2 (Effective for the accounting periods as of January 1, 2021)
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (Effective for the accounting periods as of January 1, 2021)
- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond June 30, 2021 (issued on March 31, 2021 and effective for the accounting periods as of April 1, 2021).
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (Effective for the accounting periods as of January 1, 2022)

**Sources of estimation and key judgements**

The Group has no estimation or key judgements which could have a material impact on the financial statements.

**Accounting policies****Restatement**

Previously the settlement bank accounts had been excluded from cash and cash equivalents, but as funds held in these accounts have not been confirmed as for the benefit of merchants or merchants' customers, the consolidated statement of cash flows has been restated to include settlement bank accounts of £2,825,728 at 30 June 2022 (£44,704,001 at 30 June 2021) as cash and cash equivalents, this change has also been made in the financial assets table in Note 3. The financial liabilities in Note 3 have been restated to include the settlement account liability of £2,825,78 at 30 June 2022 (£44,704,001 at 30 June 2021). Additionally, cashflows from operating activities have been restated to include the increase in the corresponding settlement account liability of £7,594,927 in the year to 30 June 2021.

**Revenue recognition**

The Group has two methods of contracting for revenue with customers.

- (1) A fee per transaction: A fee is charged for each transaction processed by the Group on the request of its customers. The fee is calculated as an agreed percentage of the transaction value. Customers request payments from their payers using the Group's software and its access to direct debit schemes. The Group considers that its performance obligations in respect of such arrangements to be limited to the completion, collection and remittance to customers of the transaction amounts requested. Therefore, revenue is recognised on the completion of the remittance to customers of each completed transaction amount.
- (2) Minimum committed transaction volume: The Group contracts with customers on terms of typically 1 to 3 years under which customers agree to minimum periodic fees (being either a monthly or annual minimum fee as agreed with the customer). These minimum periodic fees are based on expected minimum transaction volumes and calculated by reference to a fee per transaction. Monthly or annual minimum volumes cannot be transferred to other months or years within the term of the contract, if not utilised in the allotted month or year. Management considers the appropriate transaction price per performance obligation (completed transaction), to be the fee per transaction that underlies the monthly or annual minimum fee in the customer contract. As above, revenue is recognised on the completion of the remittance to customers of each completed transaction amount. For annual minimum fees, an amount equal to the minimum periodic fees that have not been utilised for processing transactions within the year (for which the minimum fee was agreed), is recognised as revenue within the last month of year.

Performance obligations are: successful completed payment transactions; refunds; chargebacks and failures. All performance obligations are satisfied on a daily basis and payment is received from the Group's customers at the

**GoCardless Ltd****Notes to the consolidated financial statements****Year ended 30 June 2022**

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point that payout funds are remitted. The Group refunds fees for successful transactions which subsequently fail on the day of the failure.

Customers who enter into longer term contracts are invoiced at the end of each calendar month for completed transactions during that month. Payment settlement terms are 30 days.

**Cost of sales**

Cost of sales comprises the costs that are directly associated with the Group's principal revenue stream of processing transactions and transaction processing services. This includes: bank charges incurred in processing customer transactions and integration fees paid to partners for revenue generated via partner integrations

**Costs of obtaining a contract asset**

The costs of obtaining a contract with a customer corresponds to commissions paid to sales persons which are recognised on the balance sheet in Trade other receivables. They are then subsequently amortised over the period during which the related revenue is recognised, within administration costs.

**Chargebacks**

Chargeback expenses for inactive merchants are recognised in full in the period when the chargeback occurs, and any recovered chargebacks are recognised in the same manner. For active merchants failed payments are recovered before any expense for the loss is incurred by the business.

**Property, plant and equipment**

Property, plant and equipment are stated at cost at acquisition less accumulated depreciation. Costs include the original purchase price for the asset and costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all property, plant and equipment to write off the cost, less any residual value, on a straight-line basis over the expected useful economic lives of the assets concerned by applying the following annual rates:

Office equipment	3-5 years
Furniture and fixtures	10 years
Leasehold improvements	over the period of the lease

Depreciation is included in the Income Statement below Operating Loss.

**Intangible assets****(a) Software**

Software purchased from third parties are stated at cost at acquisition less accumulated amortisation. Costs include the original purchase price for the asset and costs attributable to bringing the asset to its working condition for its intended use.

**(b) Internally generated intangible assets**

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for

**GoCardless Ltd****Notes to the consolidated financial statements****Year ended 30 June 2022**

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use.

Research expenditure and development expenditure that do not meet the criteria in (b) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Amortisation is provided on all intangible assets to write off the cost, less any residual value, on a straight-line basis over the expected useful economic lives of the assets concerned by applying the following annual rate:

Software	1-5 years
Internally generated intangible assets	3-5 years

Amortisation is included in the Income Statement below Operating Loss.

Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The useful life is reviewed on an annual basis.

**Property, plant and equipment & Intangible assets – Impairment review**

At each reporting date, 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. An asset's carrying amount is written down immediately to its recoverable amount (higher of an asset's fair value less costs to sell and value in use) if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the consolidated income statement.

**Trade payables**

Trade payables are either obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers or transaction obligations for amounts due to the end customer.

Trade payables are classified as current liabilities if settlement is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised to the extent that goods and services have been provided.

**Leases**

The property lease and property lease liability consist of a right of use asset and related lease liability respectively. These are recognised in connection with all leases except for those identified as low-value or having a lease term of less than 12 months in total or remaining from the initial application date.

The Right of Use asset and the lease liability are measured at the present value of the future lease payments discounted using the Group's incremental borrowing rate.

The lease liability is adjusted for interest and lease payments (financing costs), whilst the Right of Use asset is amortised over the lease term (depreciation expense).

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of the initial application of IFRS 16.

**Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the UK where the Group operates and generates taxable income.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of the assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred

**GoCardless Ltd****Notes to the consolidated financial statements****Year ended 30 June 2022**

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income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferring income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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 tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

No deferred tax has been recognised in the year ended 30 June 2022 (2021: nil).

**Provisions and contingencies**

A provision is recognised in the statement of financial position when the Group has a legal obligation or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle that obligation, and a reliable estimate of the amount can be made. If the obligation cannot be reliably measured, it is classified as a contingent liability.

**Pension scheme arrangements**

The Group operates defined contribution pension schemes for the benefit of employees. The amount charged to the profit and loss account is the contribution payable by the Group in the year. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

**Equity**

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.

Other Equity Reserves increase from share options and warrant instruments issued by the Group's parent company on behalf of the Group resulting in additional investment in the Group.

**Foreign currencies****(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is the Company's functional and presentation currency.

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation to year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements.

**Recognition of receivables**

Receivables are non-derivative financial assets with a fixed or determinable payment that are not quoted in an active market. After initial recognition receivables are carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in the income statement when the receivables are derecognised or impaired.

**Recoverability of trade receivables**

Trade receivables are amounts due from customers for services provided in the ordinary course of business. These are stated net of any provision for impairment. Impairment provisions are recognised when there is objective evidence the Group will be unable to collect all of the amounts due. The amount of such a provision is the difference

**GoCardless Ltd****Notes to the consolidated financial statements****Year ended 30 June 2022**

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between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. The provision is recorded against an expense to Impairment on financial assets.

**Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at bank and short-term deposits with a maturity of three months or less. Funds held in the Group's client accounts, including Segregated accounts are not considered to be a resource controlled by the Group and no economic benefit is expected from operation of the client accounts.

The client account balances including Segregated account balances are therefore not recognised on the Group's or Company's statement of financial position.

**Settlement bank account & Settlement account liability**

Payments processed in the Bacs and SEPA direct debit schemes are collected from payers and directly received into a Settlement bank account. On confirmation that these funds have been received for the benefit of merchants, funds are transferred to a Segregation account before being paid out to merchants. A Settlement account is not used for payments processed in other direct debit schemes. In these schemes payments are directly received into client monies accounts from where they are paid out to merchants.

Funds held in Settlement bank accounts are recognised on the Group's and Company's statement of financial position as a cash equivalent. Funds held in these accounts have not been confirmed as for the benefit of merchants. Nevertheless, the Group's procedures and controls with respect to funds held in the Settlement bank accounts, mean they are payable to third parties shortly after the balance sheet date.

For each amount collected into the Settlement bank account the Group has an equal and opposite liability to merchants, merchant's customers or banks represented as an obligation to transfer funds, a Settlement account liability. The movements in the settlement accounts represent cash flows related to the pass through of merchant funds.

**De-recognition of 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 a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

**Amounts due to related parties**

Amounts due to related parties are stated at net realisable value and they relate to the related party services provided by GC Inc, an unconsolidated sister company. GC Inc undertakes sales and marketing activities to assist the Company in developing the GoCardless business within the US market. GC Inc is paid a fee by the Company for services it provides equal to the cost incurred by GC Inc for the provision of the marketing and sales services plus a 5% mark-up.

**Share-based payments**

The costs of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date of grant and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award.

Fair value is determined using the Black-Scholes pricing model. In valuing equity-settled transactions, no account is taken of any service and performance (vesting) conditions, other than performance conditions linked to the price of the shares of the company (market conditions). Any other conditions which are required to be met in order for the employee to become fully entitled to an award are considered non-vesting conditions. Like market performance conditions, non-vesting conditions are considered in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market vesting condition or a non-vesting condition, which are treated as vesting irrespective of whether or

**GoCardless Ltd****Notes to the consolidated financial statements****Year ended 30 June 2022**

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not the market vesting condition or non-vesting condition is satisfied, provided that all service and non-market vesting conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of service and non-market vesting conditions and of the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition or a non-vesting condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the terms of the original award continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over the fair value of the settled award being treated as an expense in the income statement.

**Other Comprehensive Income**

Other comprehensive income is defined as comprising "items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other IFRSs". The Group and Company recognise the foreign currency translation reserve through other comprehensive income.

**3. Financial risk management**

In the course of its business, the Group is exposed to a variety of financial risks such as credit risk, liquidity risk and market risk. The Group's overall risk management programme focuses on operational complexities and credit risk, seeking to minimise potential adverse effects on the Group's financial performance utilising operational policies and procedures.

Risk management is led by senior management who decide on treasury policies to manage the main financial risks.

**a) Credit Risk**

The Group has two potential expected areas of credit loss. The first is from bad debt where merchants fail to pay the invoice they have received for services provided. The second is losses resulting from transactional payments which have been unsuccessful due to chargebacks and late failures. The Group initially funds the return of amounts to banks or merchants in the event that there are insufficient merchant funds to cover these returns and subsequently recoups these amounts from funds received on behalf of the affected merchants. Losses result if and when these amounts cannot be recovered due to either fraudulent activity by merchants or merchants that become inactive and cease to use the Group's platform.

**1. Bad debt**

The Group has implemented operational processes and policies to address the Group's credit related risks around merchant default and other transactional impacts. The operational risk is managed by selecting and working with appropriate merchants with a high focus on onboarding controls and continued monitoring of compliance controls. Transactional bad debt risk is managed by the regular monitoring of aged debt. If necessary, the Group will assess the relationship with the merchant and is constantly managing any significant relationships. See note 6 for assessment of exposure related to trade receivables.

**GoCardless Ltd****Notes to the consolidated financial statements****Year ended 30 June 2022**

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Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 provisioning for receivables which have been outstanding for more than 90 days or for which specific evidence of impairment has been obtained. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within impairment losses on financial assets in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Write-offs will occur when there is no possibility of the invoice being settled due to reasons such as failing to make contact with the merchant or insolvency.

**2. Amounts due from merchants**

The Group has implemented certain fraud and compliance checks that require appropriate checks on potential merchants before the merchant can effectively collect transactional payments with their customers. Enhanced checks are performed on prospective merchant's that have features that the Group has historically observed to exhibit a higher risk of fraudulent activity. Additionally, transactions for new customers are held until onboarding checks have occurred. The Group also has monitoring systems that flag activity that may be considered fraudulent and suspends the accounts of merchant's where there is a high probability of fraud. In exceptional cases, where merchants operate in a sector with very high failure or chargeback rates, the Group holds certain cash equivalent balances with partner banks (June 2022: £2.7m, June 2021: £4.6m). These balances are deposits received from merchants to cover any potential failures or chargebacks. Chargeback levels are measured, monitored and the banking partner relationships are well established.

Negative balances arise as a result of the fund flows required by our payment service as a result of refunds, chargebacks and late failures. On a daily basis, the Group pre-funds all refunds, chargebacks and late failures processed on behalf of merchants and subsequently seeks to recover these amounts from funds collected on behalf of merchants. Negative balances which cannot be recovered constitute losses for the Group.

In cases where it is considered that transactions are fraudulent, a provision equal to the value of the fraudulent transactions is recorded against an expense to Impairment on financial assets. The Group's experience is that recovery of debts from fraudulent merchant's is very unlikely. Typically, the amounts owed from individual merchants are not significant.

Similarly, the Group has systems which monitor the patterns of merchant activity and when it is observed that merchants have ceased to use the platform completely, taking into account their usual pattern, a provision is recorded equal to the amount of any unrecovered chargebacks and late failure transactions. The Group seeks to recover any amounts due from inactive merchants, however again our experience has been that the rate of recovery is low.

The Group is satisfied that the impairment provision at 30 June 2022 is sufficient. The Group has not recovered any amounts for which it had provided in subsequent periods. The majority of the receivable balance at the period end was recovered within one month.

**3. Intercompany balances**

The Group's cash and tax receivable balances are considered to have low credit risk and the loss allowance recognised is based on the 12 months expected loss. Management considers a "low credit risk" to be applicable for those with high quality external credit ratings or supportable with sufficient liquid debt to be able to settle the outstanding amounts.

**(b) Liquidity Risk**

Liquidity risk arises from the dynamic business profile and growth of the business. Prudent liquidity management includes maintaining sufficient cash reserves and working capital facilities to facilitate this profile and growth. Cash flow is measured monthly and forecasting is used to manage the projected business growth.

**GoCardless Ltd****Notes to the consolidated financial statements****Year ended 30 June 2022**

The Group monitors rolling forecasts of the liquidity requirements on a monthly basis to ensure it has sufficient cash to meet operational needs while maintaining sufficient working capital levels at all times.

At the reporting date, the Group held cash and cash equivalents of £76.1m (June 2021: £82.2m), all of which is held with reputable banks with high credit ratings. The Group did not incur any losses during the year ended 30 June 2022 as a result of banking failures.

At the reporting date, the Group held the below financial assets and financial liabilities.

	<b>30 June 2022</b>	30 June 2021
		Restated
<b>Financial assets</b>	<b>£</b>	<b>£</b>
Cash and cash equivalents	<b>76,121,119</b>	82,181,846
Other receivables	<b>28,649,866</b>	5,611,660
Trade receivables	<b>6,296,643</b>	5,118,079
Tax receivables	<b>4,016,119</b>	2,013,580
Other financial assets	<b>181,764</b>	181,764
<b>Total financial assets</b>	<b>115,265,511</b>	<b>95,106,929</b>

	<b>30 June 2022</b>	30 June 2021
		Restated
<b>Financial liabilities</b>	<b>£</b>	<b>£</b>
Amounts owed to other GoCardless entities	<b>20,235,978</b>	8,694,739
Trade payables	<b>909,881</b>	889,642
Settlement account liability	<b>2,825,728</b>	44,704,001
<b>Total financial liabilities</b>	<b>23,971,587</b>	<b>54,288,382</b>

**Maturity Analysis**

All financial assets and liabilities, for the current year and the prior period have a maturity of less than one year including the amounts owed to other GoCardless entities, which are immediately repayable upon demand.

**(c) Market Risk****1. Foreign exchange risk**

The Group has assets and liabilities denominated in currencies other than our sterling reporting currency which are subject to exchange rate risk. The Group does not use derivatives to hedge its currency or interest rate exposures. Transactions processed are paid out in the currency received and all fees are charged in that currency. The Group's cash and cash equivalents balance not denominated in GBP at June 2022 were £28.3m (June 2021: £32.3m) of which £25.7m (June 2021: £14.8m) are held in Euros. All other variables constant, if the UK sterling had weakened/strengthened against the Euro by +/- 5% the impact would be a change in value equivalent to £1.4m (June 2021: £0.4m). For all other currencies such a change would not materially impact cash and cash equivalents.

**2. Interest rate risk**

Changes in interest rates do not materially affect the Group's obligation as the group has no variable rate funding loans.

**GoCardless Ltd****Notes to the consolidated financial statements****Year ended 30 June 2022**

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**(d) Capital risk management**

The Group and Company manages its capital to ensure the Group will be able to continue as a going concern and to provide value for its stakeholders. The capital structure of the Group consists of equity attributable to shareholders of the parent, comprising issued capital, and reserves and accumulated losses as presented on the face of the statement of financial position.

The Group monitors capital resources on a continuing basis and adjusts the capital structure in light of any significant changes in economic conditions and the risk characteristics of underlying assets.

The Group's total debt to equity ratio is 1.09 as at 30 June 2022, a decrease from 2.26 as at 30 June 2021. The Group has met all necessary capital requirements as at period-end and currently, the Group does not pay any dividends and the Directors have not recommended a dividend for the period.

As part of the FCA monitoring, the Group is required to ensure they have adequate capital resources to cover their ongoing capital requirements. The Group does this using Method C which is based on the firm's income over the previous financial year with a scaling factor. The submission for 2022 was submitted in August 2022 and showed the Group had headroom of €63.3m.

**4. Turnover**

The Group disaggregates revenue from contracts with customers by contract type and geographical location, as management believe this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors.

Aggregate revenue split by geographical location:

	<b>Year ended 30 June 2022</b>	<b>18 month period ended 30 June 2021</b>
<b>Country</b>	<b>£</b>	<b>£</b>
United Kingdom	<b>55,044,722</b>	55,935,712
France	<b>5,421,436</b>	4,927,884
Germany	<b>2,023,216</b>	1,814,507
United States	<b>1,552,860</b>	709,742
Australia	<b>1,375,335</b>	999,558
Ireland	<b>1,281,861</b>	813,311
Canada	<b>770,141</b>	257,065
Spain	<b>661,138</b>	697,400
New Zealand	<b>613,881</b>	558,864
Other	<b>1,623,780</b>	1,259,436
	<b>70,368,370</b>	<b>67,973,479</b>

## GoCardless Ltd

## Notes to the consolidated financial statements

Year ended 30 June 2022

## 4. Turnover (cont.)

	Year ended 30 June 2022	18 month period ended 30 June 2021
	£	£
Variable revenue	44,119,336	48,478,812
Contract revenue	26,249,034	19,494,667
	<b>70,368,370</b>	<b>67,973,479</b>

## 5. Expenses by nature

	Year ended 30 June 2022	18 month period ended 30 June 2021
	£	£
Cost of sales	15,026,761	14,108,583
Administrative expenses		
Employee expenditure	74,033,631	60,479,759
Related undertakings services	9,764,317	6,422,745
Marketing and customer acquisition costs	8,617,592	5,301,049
IT expenses	7,071,089	5,406,929
Research & development	6,004,616	5,861,626
Other expenses	5,054,087	8,214,008
Professional fees	1,577,362	2,005,684
Share based options expense	1,375,304	1,531,452
Operating lease payments	601,245	1,396,279
<b>Total administrative expenses</b>	<b>114,099,243</b>	<b>96,619,531</b>
<b>Total cost of sales and administrative expenses</b>	<b>129,126,004</b>	<b>110,728,114</b>

## GoCardless Ltd

## Notes to the consolidated financial statements

Year ended 30 June 2022

## 6. Trade and other receivables

## GoCardless Consolidated

	30 June 2022	30 June 2021
	£	£
<b>Trade receivables</b>		
Current trade receivables (less than 30 days)	4,712,428	3,679,800
30-90 day overdue trade receivables	1,177,480	1,148,491
90 day+ overdue trade receivables	1,982,021	963,798
<b>Total trade receivables</b>	<b>7,871,929</b>	<b>5,792,089</b>
<b>Bad debt provision</b>		
Current trade receivables (less than 30 days)	(5,386)	(4,661)
30-90 day overdue trade receivables	(17,538)	(125,987)
90 day+ overdue trade receivables	(1,552,362)	(543,362)
<b>Total bad debt provision</b>	<b>(1,575,286)</b>	<b>(674,010)</b>
<b>Amounts due from merchants</b>		
Amounts due from merchants	9,467,180	6,742,872
Failed payments provision	(1,916,080)	(1,259,697)
Fraud loss provision	(3,832,567)	(3,397,960)
<b>Total amounts due from merchants</b>	<b>3,718,533</b>	<b>2,085,215</b>
<b>Other receivables</b>		
Tax receivable	4,016,119	2,013,580
Prepayments	7,907,527	3,737,653
Other debtors	2,331,100	1,647,865
<b>Total other receivables</b>	<b>14,254,746</b>	<b>7,399,098</b>
Rental deposits	969,786	968,834
Security deposits	27,680,080	4,642,826
<b>Other receivables: amounts over one year</b>	<b>28,649,866</b>	<b>5,611,660</b>
<b>Total trade and other receivables</b>	<b>52,919,788</b>	<b>20,214,052</b>

The Group does not hold any material trade receivables over one year.

## GoCardless Ltd

## Notes to the consolidated financial statements

Year ended 30 June 2022

## 6. Trade and other receivables (cont.)

Bad debt provision	30 June 2022	30 June 2021
	£	£
Opening provision	674,010	266,316
Charge for the period	1,297,427	623,127
Utilised	(114,960)	(215,433)
Recoveries of amounts provided for	(281,686)	-
Exchange adjustment	495	-
<b>Closing provision</b>	<b>1,575,286</b>	<b>674,010</b>

Impairment on financial assets:

The Group holds a provision for negative balances which are held by merchants who are no longer actively collecting. A negative balance occurs when there are payment failures or chargebacks that have occurred. When merchants are actively collecting, any negative balances will be repaid from subsequent collections by merchants. For merchants that have ceased using the Group's platform, negative balances cannot be recovered from subsequent collections. The Group provides for the full amount of negative balances due from inactive merchants. The Group seeks the repayment of these negative balances although no amounts have been recovered during the period.

## GoCardless Ltd and Consolidated

Failed payments provision	30 June 2022	30 June 2021
	£	£
Opening provision	1,259,697	889,050
Additional provision	800,876	370,647
Reversal of provision	(144,493)	-
<b>Closing provision</b>	<b>1,916,080</b>	<b>1,259,697</b>

The Group holds an additional provision for losses which have been identified as fraudulent activity. It is unlikely these will be recovered.

## GoCardless Ltd and Consolidated

Fraud loss provision	30 June 2022	30 June 2021
	£	£
Opening provision	3,397,960	2,179,309
Additional provision	434,607	1,218,651
<b>Closing provision</b>	<b>3,832,567</b>	<b>3,397,960</b>

## GoCardless Ltd

## Notes to the consolidated financial statements

Year ended 30 June 2022

## 6. Trade and other receivables (cont.)

## GoCardless Ltd

	30 June 2022	30 June 2021
	£	£
<b>Trade receivables</b>		
Current trade receivables (less than 30 days)	3,665,607	3,111,694
30-90 day overdue trade receivables	907,781	1,016,127
90 day+ overdue trade receivables	1,349,931	798,941
<b>Total trade receivables</b>	<b>5,923,319</b>	<b>4,926,762</b>
<b>Bad debt provision</b>		
Current trade receivables (less than 30 days)	-	(4,163)
30-90 day overdue trade receivables	-	(98,990)
90 day+ overdue trade receivables	(1,057,956)	(419,817)
<b>Total bad debt provision</b>	<b>(1,057,956)</b>	<b>(522,970)</b>
<b>Amounts due from merchants</b>		
Amounts due from merchants	9,511,955	6,742,872
Failed payments provision	(1,916,080)	(1,259,696)
Fraud loss provision	(3,832,567)	(3,397,960)
<b>Total amounts due from merchants</b>	<b>3,763,308</b>	<b>2,085,216</b>
<b>Other receivables</b>		
Tax receivable	4,016,119	2,013,580
Prepayments	7,330,185	3,414,760
Other debtors	1,724,491	2,008,049
<b>Total other receivables</b>	<b>13,070,795</b>	<b>7,436,389</b>
Rental deposits	912,607	911,842
Security deposits	27,680,081	4,642,826
<b>Other receivables: amounts over one year</b>	<b>28,592,688</b>	<b>5,554,668</b>
<b>Total trade and other receivables</b>	<b>50,292,154</b>	<b>19,480,064</b>

## GoCardless Ltd

## Notes to the consolidated financial statements

Year ended 30 June 2022

## 6. Trade and other receivables (cont.)

Bad debt provision	30 June 2022	30 June 2021
	£	£
Opening provision	522,970	266,316
Charge for the period	905,849	472,088
Utilised	(114,671)	(215,434)
Recoveries of amounts provided for	(256,191)	-
<b>Closing provision</b>	<b>1,057,956</b>	<b>522,970</b>

## 7. Property, plant and equipment

## GoCardless Consolidation

	Furniture & Fixtures	Office Equipment	Leasehold Improvement	Total
	£	£	£	£
Cost				
<b>At 1 Jan 2020</b>	661,146	1,708,019	1,768,509	4,137,674
Additions	59,129	571,431	40,000	670,560
Disposals	-	(136,077)	-	(136,077)
<b>At 30 June 2021</b>	<b>720,275</b>	<b>2,143,373</b>	<b>1,808,509</b>	<b>4,672,157</b>
Additions	57,986	807,169	35,148	900,303
Disposals	-	(152,429)	-	(152,429)
<b>At 30 June 2022</b>	<b>778,261</b>	<b>2,798,113</b>	<b>1,843,657</b>	<b>5,420,031</b>
Accumulated Depreciation				
<b>At 1 Jan 2020</b>	109,147	803,086	419,069	1,331,302
Charge for period	99,464	667,456	249,797	1,016,717
Disposals/reclassification	-	(115,667)	-	(115,667)
<b>At 30 June 2021</b>	<b>208,611</b>	<b>1,354,875</b>	<b>668,866</b>	<b>2,232,352</b>
Charge for period	82,547	606,482	172,817	861,846
Disposals/reclassification	-	(139,617)	-	(139,617)
<b>At 30 June 2022</b>	<b>291,158</b>	<b>1,821,740</b>	<b>841,683</b>	<b>2,954,581</b>
Net book value				
<b>At 30 June 2022</b>	<b>487,103</b>	<b>976,373</b>	<b>1,001,974</b>	<b>2,465,450</b>
At 30 June 2021	511,664	788,498	1,139,643	2,439,805

## GoCardless Ltd

## Notes to the consolidated financial statements

Year ended 30 June 2022

## 7. Property, plant and equipment (cont.)

## GoCardless Ltd

	Furniture & Fixtures	Office Equipment	Leasehold Improvement	Total
	£	£	£	£
Cost				
<b>At 1 Jan 2020</b>	656,161	1,670,243	1,768,509	4,094,913
Additions	62,525	586,609	40,000	689,134
Disposals	-	(136,077)	-	(136,077)
<b>At 30 June 2021</b>	718,686	2,120,775	1,808,509	4,647,970
Additions	50,225	806,189	35,148	891,562
Disposals	-	(152,429)	-	(152,429)
<b>At 30 June 2022</b>	<b>768,911</b>	<b>2,774,535</b>	<b>1,843,657</b>	<b>5,387,103</b>
Accumulated Depreciation				
<b>At 1 Jan 2020</b>	108,665	793,639	419,069	1,321,373
Charge for period	99,506	662,031	249,797	1,011,334
Disposals/reclassification	-	(115,667)	-	(115,667)
<b>At 30 June 2021</b>	208,171	1,340,003	668,866	2,217,040
Charge for period	82,274	600,713	172,816	855,803
Disposals/reclassification	-	(139,750)	-	(139,750)
<b>At 30 June 2022</b>	<b>290,445</b>	<b>1,800,966</b>	<b>841,682</b>	<b>2,933,093</b>
Net book value				
<b>At 30 June 2022</b>	<b>478,466</b>	<b>973,569</b>	<b>1,001,975</b>	<b>2,454,010</b>
At 31 June 2021	510,515	780,772	1,139,643	2,430,930

## 8. Lease liability

## GoCardless Consolidation &amp; GoCardless Ltd

The Group's lease relates to the Sutton Yard property in London. This is a 10 year lease which commenced in October 2017 and has a break clause after 5 years that has not been exercised. The first 26 months of the lease had a reduced payment schedule with an additional reduced payment schedule in the 22 months following the break clause date. The payment schedule was fixed at the start of the lease.

There are no further leases within the Group with a similar commitment existing or yet to start.

## GoCardless Ltd

## Notes to the consolidated financial statements

Year ended 30 June 2022

## 8. Lease liability (cont.)

	Year ended 30 June 2022	18 month period ended 30 June 2021
	£	£
Cash outflow	1,492,124	1,792,780
Interest expense	(377,468)	(942,694)
<b>Capital repayment</b>	<b>1,114,656</b>	<b>850,086</b>

	Year ended 30 June 2022	18 month period ended 30 June 2021
	£	£
Opening lease balance	6,268,932	9,052,528
Capital repayment	(1,114,656)	(850,086)
Prepaid expense	-	(746,062)
Lease modification	-	(1,187,448)
<b>Closing lease value</b>	<b>5,154,276</b>	<b>6,268,932</b>

Depreciation relating to the lease has been charged during the period.

	Year ended 30 June 2022	18 month period ended 30 June 2021
	£	£
Opening Right of Use asset value	5,314,700	8,013,334
Depreciation charge	(839,163)	(1,136,056)
Lease modification	-	(1,562,578)
<b>Closing Right of Use asset value</b>	<b>4,475,537</b>	<b>5,314,700</b>

	Year ended 30 June 2022	18 month period ended 30 June 2021
	£	£
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Within 1 year	969,809	1,790,549
2 – 5 years	5,899,759	5,076,922
5 years +	597,549	2,390,194
<b>Closing contractual undiscounted cash flows</b>	<b>7,467,117</b>	<b>9,257,665</b>

## GoCardless Ltd

## Notes to the consolidated financial statements

Year ended 30 June 2022

## 9. Intangible Assets

## GoCardless Ltd and Consolidated

	Software	Internally generated intangible assets	Total
	£	£	£
Cost			
<b>At 1 Jan 2020</b>	1,079,423	-	1,079,423
Additions	38,000	-	38,000
Disposals/reclassification	30,000	-	30,000
<b>At 30 June 2021</b>	1,147,423	-	1,147,423
Additions	880,106	1,139,054	2,019,160
<b>At 30 June 2022</b>	<b>2,027,529</b>	<b>1,139,054</b>	<b>3,166,583</b>
Accumulated Depreciation			
<b>At 1 Jan 2020</b>	182,401	-	182,401
Charge for period	317,470	-	317,470
<b>At 30 June 2021</b>	499,871	-	499,871
Charge for period	313,078	-	313,078
<b>At 30 June 2022</b>	<b>812,949</b>	-	<b>812,949</b>
Net book value			
<b>At 30 June 2022</b>	<b>1,214,580</b>	<b>1,139,054</b>	<b>2,353,634</b>
At 30 June 2021	647,552	-	647,552

## 10. Finance income and costs

## GoCardless Consolidated

	Year ended 30 June 2022	18 month period ended 30 June 201
	£	£
Term loan interest	-	88,906
Loan financing costs	-	360,000
Property lease costs	377,470	942,694
<b>Total finance costs</b>	<b>377,470</b>	<b>1,391,600</b>
Interest income	(6,513)	(52,134)
<b>Net finance costs</b>	<b>370,957</b>	<b>1,339,466</b>

## GoCardless Ltd

## Notes to the consolidated financial statements

## Year ended 30 June 2022

## 11. Income tax

	Year ended 30 June 2022	18 month period ended 30 June 2021
	£	£
<b>Current tax</b>		
UK corporation tax at 19%	-	-
Prior year adjustment	(79,879)	(25,094)
R&D Tax credit	2,002,539	1,954,853
Foreign tax	(316,900)	(188,354)
<b>Total tax credit/(expense)</b>	<b>1,605,760</b>	<b>1,741,405</b>

Reconciliation of the total tax charge: The UK tax charge reported in the income statement for the year is different to the standard rate of Corporation Tax in the UK of 19% in 2022 (19% in 2021). The differences are reconciled below:

	Year ended 30 June 2022	18 month period ended 30 June 2021
	£	£
Loss on ordinary activities before taxation	64,359,670	48,562,965
Accounting loss multiplied by the UK standard corporation tax of 19%	12,228,337	9,226,963
Effects of:		
Fixed asset timing differences	(162,743)	(195,761)
Expenses not deductible for tax purposes	(492,325)	(290,976)
Income not chargeable for tax purposes	2,337,633	1,012,708
Other permanent differences	4,705	6,240
Impact of R&D tax relief ("Super deduction")	3,485,680	3,402,674
Surrender of tax losses for R&D tax credit refund	(2,624,017)	(2,561,531)
Prior year adjustment	(79,879)	(25,094)
Difference in tax rates	(124,550)	(62,345)
Deferred tax not recognised	(12,967,081)	(8,771,473)
<b>Total tax credit/(expense)</b>	<b>1,605,760</b>	<b>1,741,404</b>

In March 2021 the UK Government announced its intention to increase the corporation tax rate from 19% to 25% from 1 April 2023. The increased rate was substantively enacted on 24 May 2021, before receiving Royal Assent on 10 June 2021. The value of unrecognised deferred tax assets noted below are stated at this higher rate of rate.

Unused tax losses for which no deferred tax asset has been recognised in the balance sheet at 30 June 2022 total £167.0m (30 June 2021: £86.7m). The unrecognised deferred tax asset on tax losses amounts to £41.7m (2021: £21.7m)

No deferred tax asset has been recognised on temporary differences relating to fixed assets and short term timing differences (provisions). The unprovided deferred tax asset amounts to £0.4m (2021: £0.5m).

**GoCardless Ltd****Notes to the consolidated financial statements****Year ended 30 June 2022****12. Trade and other payables****GoCardless Consolidated**

	<b>Year ended 30 June 2022</b>	<b>18 month period ended 30 June 2021</b>
	<b>£</b>	<b>£</b>
Trade payables	<b>909,881</b>	889,642
Merchant deposits	<b>14,545,547</b>	1,378,040
Other taxation and social security	<b>10,192,188</b>	6,655,439
Accrued expenses	<b>9,297,245</b>	5,880,327
Deferred revenue	<b>4,122,829</b>	2,068,190
Other payables	<b>484,830</b>	299,141
<b>Total trade and other creditors</b>	<b>39,552,520</b>	17,170,779

**GoCardless Ltd**

	<b>Year ended 30 June 2022</b>	<b>18 month period ended 30 June 2021</b>
	<b>£</b>	<b>£</b>
Trade payables	<b>867,807</b>	830,612
Merchant deposits	<b>14,545,547</b>	1,378,040
Other taxation and social security	<b>8,934,269</b>	6,105,632
Accrued expenses	<b>8,509,838</b>	5,231,285
Deferred revenue	<b>2,782,265</b>	1,523,994
Other payables	<b>495,433</b>	274,297
<b>Total trade and other creditors</b>	<b>36,135,159</b>	15,343,861

## GoCardless Ltd

## Notes to the consolidated financial statements

Year ended 30 June 2022

## 13. Shareholder Capital and Reserves

The balance on the Company's share capital account represents the aggregate nominal value of all ordinary shares, with full rights regarding voting, participation and dividends, in issue to the Group's parent company. All ordinary shares have a nominal value of £1.00.

232,380,027 shares have been authorised by the Company (30 June 2021: 134,380,027). The number of issued shares to the Company are as below and there are no shares issued and not fully paid at 30 June 2022 (30 June 2021: nil).

## GoCardless Consolidated

	Number of Shares	Share Capital	Foreign Currency Translation Reserve	Other Equity Reserves	Total
		£	£	£	£
At 1 Jan 2020	95,072,388	95,073,388	(12,687)	6,743,921	101,804,622
Ordinary shares	39,307,639	39,306,639	-	-	39,306,639
Share based payment reserve	-	-	-	1,531,452	1,531,452
Foreign currency translation reserve	-	-	(250,947)	-	(250,947)
<b>At 30 June 2021</b>	<b>134,380,027</b>	<b>134,380,027</b>	<b>(263,634)</b>	<b>8,275,373</b>	<b>142,391,766</b>
<b>At 1 July 2021</b>	<b>134,380,027</b>	<b>134,380,027</b>	<b>(263,634)</b>	<b>8,275,373</b>	<b>142,391,766</b>
Ordinary shares	98,000,000	98,000,000	-	-	98,000,000
Share based payment reserve	-	-	-	2,610,825	2,610,825
Foreign currency translation reserve	-	-	(1,249,395)	-	(1,249,395)
<b>At 30 June 2022</b>	<b>232,380,027</b>	<b>232,380,027</b>	<b>(1,513,029)</b>	<b>10,886,198</b>	<b>241,753,196</b>

## GoCardless Ltd

	Number of Shares	Share Capital	Foreign Currency Translation Reserve	Other Equity Reserves	Total
		£	£	£	£
At 1 Jan 2020	95,073,388	95,073,388	34,127	6,743,921	101,851,436
Ordinary shares	39,306,639	39,306,639	-	-	39,306,639
Share based payment reserve	-	-	-	1,531,452	1,531,452
Foreign currency translation reserve	-	-	19,956	-	19,956
<b>At 30 June 2021</b>	<b>134,380,027</b>	<b>134,380,027</b>	<b>54,083</b>	<b>8,275,373</b>	<b>142,709,483</b>
<b>At 1 July 2021</b>	<b>134,380,027</b>	<b>134,380,027</b>	<b>54,083</b>	<b>8,275,373</b>	<b>142,709,483</b>
Ordinary shares	98,000,000	98,000,000	-	-	98,000,000
Share based payment reserve	-	-	-	2,613,521	2,613,521
Foreign currency translation reserve	-	-	(1,436,089)	-	(1,436,089)
<b>At 30 June 2022</b>	<b>232,380,027</b>	<b>232,380,027</b>	<b>(1,382,006)</b>	<b>10,888,894</b>	<b>241,886,915</b>

**GoCardless Ltd****Notes to the consolidated financial statements****Year ended 30 June 2022****14. Share based payments**

The Group operates an equity-settled share-based compensation plan established under the Enterprise Management Initiative ("EMI") scheme for shares of the Group's parent company, for certain employees under which the entity receives services from employees as consideration for equity option instruments (share options) in the Group's parent. The fair value of the employee services received in exchange for the grant of options is expensed within the Group's accounts on the liability basis at each reporting period, based on the Group's estimate of shares that will eventually vest and the value of the share price as at period-end. As the shares are exercisable with the Group's parent company, the Group recognises the impact of share-based payments granted to other equity reserves.

**Compensation Plan**

The fair value of the awards granted under the EMI and the assumptions used in the calculation of the share-based payment expense are as follows:

Valuation model	Black Scholes
Date of grant	31 October 2013 to 11 December 2018
Option expiration date	10 years from grant date
Number granted	0.3k to 676k
Exercise price at date of reward	\$0.225
Fair value	\$0.1063 to \$2.8305
Option exercise price	\$0.225 to \$0.45
Expected life of award	Four years
Vesting conditions	Time based (nil years to 4 years of service)
Forfeiture rate	20%

No new awards have been granted under the EMI scheme in either the year ended 30 June 2022 or the 18 month period ended 30 June 2021.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. The fair value of awards granted under EMI is measured using a Black Scholes model. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each Statement of Financial Position date, the entity revises its estimates of the number of options that are expected to vest, with any changes in estimate recognised in the income statement, with a corresponding adjustment in equity as per IFRS 2, and is as follows:

	<b>12 month period ended 30 June 2022</b>	<b>18 month period ended 30 June 2021</b>
	£	£
Share Option Expense	<b>275,321</b>	<b>574,828</b>

## GoCardless Ltd

## Notes to the consolidated financial statements

Year ended 30 June 2022

## 14. Share based payments (cont.)

Movements in the number of outstanding conditional awards of shares currently exercisable are as follows:

	Average Exercise Price	Average Share price at the date of exercise	30 June 2022 No. of Shares	30 June 2021 No. of Shares
At Beginning of period	\$0.262		3,643,781	5,491,434
Exercised:	\$0.229	\$11.750	(1,086,677)	(1,548,200)
Granted	-		-	-
Forfeited/Cancelled	\$0.225		(23,925)	(299,453)
Outstanding at the end of period	\$0.277		2,533,179	3,643,781
Vested at end of period	\$0.281		2,323,870	3,129,116
Weighted average remaining contractual life of options outstanding at end of period (years)			5.36	6.38

The fair value of the awards granted under the Ordinary Share Option Scheme and the assumptions used in the calculation of the share-based payment expense are as follows:

Valuation model	Black Scholes
Date of grant	10 December 2019 to 13 August 2021
Option expiration date	10 years from grant date
Number granted	50k to 948k
Fair value	\$0.38 to \$2.28
Option exercise price	\$7.4 - \$12.27
Expected life of award	1.9 to 3.4 years
Vesting conditions	Time based (nil years to 4 years of service)
Forfeiture rate	20%

In December 2019, the Group introduced an Ordinary Share Option scheme, being an additional equity-settled share-based compensations scheme for shares of the Group's parent company, made available to employees under which the entity receives services from employees as consideration for equity option instruments (share options) in the Group's parent. The fair value of the employee services received in exchange for the grant of the options is expensed within the Group's accounts on the liability basis at each reporting period, based on the Group's estimate of shares that will eventually vest and the value of the share price as at period-end. As the shares are exercisable with the Group's parent company, the Group recognises the impact of share-based payments granted to other equity reserves.

## GoCardless Ltd

## Notes to the consolidated financial statements

Year ended 30 June 2022

## 14. Share based payments (cont.)

	Tranches issued within 12 month period ended 30 June 2022	Tranches issued within 18 month period ended 30 June 2021
Fair value of issued share options	\$2.28	\$0.38 - \$2.13
Exercise price	12.27	7.4 - 12.27
Expected life of award (years)	2.4 - 3.4	1.9 - 2.5
Volatility	37.50%	42.50%
Risk free rate	0.20%	0.0% - 0.2%

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. The fair value of awards granted under EMI is measured using a Black Scholes model. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each Statement of Financial Position date, the entity revises its estimates of the number of options that are expected to vest, with any changes in estimate recognised in the income statement, with a corresponding adjustment in equity as per IFRS 2, and is as follows:

	12 month period ended 30 June 2022 £	18 month period ended 30 June 2021 £
Share Option Expense	1,099,983	956,623

Movements in the number of outstanding conditional awards of shares currently exercisable are as follows:

	Average Exercise Price	Average Share price at the date of exercise	30 June 2022 No. of Shares	30 June 2021 No. of Shares
At Beginning of period	\$9.530		1,846,688	581,800
Exercised:	\$7.599	\$11.930	(56,389)	-
Granted	\$12.270		751,979	1,475,668
Forfeited/Cancelled	\$10.534		(170,156)	(210,780)
Outstanding at the end of period	\$10.601		2,372,122	1,846,688
Vested at end of period	\$9.574		1,149,030	590,027
Weighted average remaining contractual life of options outstanding at end of period (years)			8.52	8.97

## GoCardless Ltd

## Notes to the consolidated financial statements

Year ended 30 June 2022

## 15. Investments in subsidiary companies

## GoCardless Ltd

	Year ended 30 June 2022	18 month period ended 30 June 2021
	£	£
Investment in subsidiary	5,165,022	5,165,022
Impairment	-	-
<b>Total carrying amount</b>	<b>5,165,022</b>	<b>5,165,022</b>

Name	Country of incorporation	Address	Class of Shares	Holding	Principal activity
GoCardless GmbH	Germany	Herzogspitalstrasse 24, Munich 80331	Ordinary	100%	Trading Company
GoCardless SAS	France	7 Rue de Madrid, 75008 Paris	Ordinary	100%	Trading Company

The Directors believe that the carrying value of the investment is supported by their underlying net assets.

The Company maintains branches in Australia and New Zealand for operational purposes.

## 16. Costs of obtaining contract assets

Costs of obtaining contract assets are held as prepayments in Trade and other receivables.

## GoCardless Consolidated

	Year ended 30 June 2022	18 month period ended 30 June 2021
	£	£
Carrying value at beginning of period	2,391,046	1,024,424
Cost to obtain contracts with customers during the period	4,234,698	1,927,987
Amortisation of cost to obtain contract assets in line with contract performance	(2,233,992)	(561,365)
<b>Total carrying amount</b>	<b>4,391,752</b>	<b>2,391,046</b>

	Year ended 30 June 2022	18 month period ended 30 June 2021
	£	£
Current cost to obtain contract assets	2,280,533	1,476,964
Non-current cost to obtain contract assets	2,111,219	914,082
<b>Total carrying amount</b>	<b>4,391,752</b>	<b>2,391,046</b>

**GoCardless Ltd**  
**Notes to the consolidated financial statements**  
**Year ended 30 June 2022**

**16. Costs of obtaining contract assets (cont.)**

**GoCardless Ltd**

	<b>Year ended 30 June 2022</b>	<b>18 month period ended 30 June 2021</b>
	<b>£</b>	<b>£</b>
Carrying value at beginning of period	<b>1,877,760</b>	996,523
Cost to obtain contracts with customers during the period	<b>3,396,181</b>	1,371,487
Amortisation of cost to obtain contract assets in line with contract performance	<b>(1,756,828)</b>	(490,251)
<b>Total carrying amount</b>	<b>3,517,113</b>	1,877,760

	<b>Year ended 30 June 2022</b>	<b>18 month period ended 30 June 2021</b>
	<b>£</b>	<b>£</b>
Current cost to obtain contract assets	<b>1,850,454</b>	1,089,101
Non-current cost to obtain contract assets	<b>1,666,659</b>	1,301,945
<b>Total carrying amount</b>	<b>3,517,113</b>	2,391,046

**17. Auditors' remuneration**

**GoCardless Ltd and Consolidated**

	<b>Year ended 30 June 2022</b>	<b>18 month period ended 30 June 2021</b>
	<b>£</b>	<b>£</b>
Fees payable to the Group's auditors for the audit of the Group	<b>366,000</b>	500,000
Fees payable to the Group's auditors for other services:		
- Tax advisory services	-	-
- Audit related assurance services	-	217,000
- Fees payable to the Group's auditors for the audit of subsidiaries	<b>165,750</b>	-
<b>Total Auditors' Remuneration</b>	<b>531,750</b>	717,000

The Group paid £51k (2021: £102k) to other auditors in respect of their role as joint auditor in the audit of GoCardless SAS, this is not included in the table above.

## GoCardless Ltd

## Notes to the consolidated financial statements

Year ended 30 June 2022

## 18. Directors' emoluments and employees

## (a) Employee benefit expense

## GoCardless Consolidated

	Year ended 30 June 2022	18 month period ended 30 June 2021
	£	£
<b>Employee costs during the year (including directors)</b>		
Wages and salaries	67,747,279	56,739,541
Social security costs	10,218,916	7,896,780
Share based payments	1,375,304	1,531,452
Pension costs	2,072,051	1,705,064
<b>Total</b>	<b>81,413,550</b>	<b>67,872,837</b>

## GoCardless Ltd

	Year ended 30 June 2022	18 month period ended 30 June 2021
	£	£
<b>Employee costs during the year (including directors)</b>		
Wages and salaries	65,171,236	54,397,944
Social security costs	9,215,760	7,034,468
Share based payments	1,375,304	1,531,452
Pension costs	2,049,190	1,669,708
<b>Total</b>	<b>77,811,490</b>	<b>64,633,572</b>

## (b) Average number of people employed

## GoCardless Consolidated

	Year ended 30 June 2022	18 month period ended 30 June 2021
	Number	Number
<b>Average number of people employed during the year (including directors)</b>		
Sales and marketing	164	139
Operational	528	299
<b>Total</b>	<b>692</b>	<b>438</b>

## GoCardless Ltd

	Year ended 30 June 2022	18 month period ended 30 June 2021
	Number	Number
<b>Average number of people employed during the year (including directors)</b>		
Sales and marketing	138	102
Operational	515	290
<b>Total</b>	<b>653</b>	<b>392</b>

**GoCardless Ltd****Notes to the consolidated financial statements****Year ended 30 June 2022****(c) Directors' emoluments****GoCardless Ltd and Consolidated**

	<b>Year ended 30 June 2022</b>	<b>18 month period ended 30 June 2021</b>
	<b>£</b>	<b>£</b>
<b>Directors' emoluments</b>		
Wages and salaries	<b>270,465</b>	347,916
Social security costs	<b>35,687</b>	46,137
Share based payments	<b>14,688</b>	131,427
Pension costs	<b>9,740</b>	10,807
<b>Aggregate emoluments</b>	<b>330,580</b>	536,287

	<b>Year ended 30 June 2022</b>	<b>18 month period ended 30 June 2021</b>
	<b>£</b>	<b>£</b>
<b>Highest paid director</b>		
Wages and salaries	<b>268,465</b>	344,917
Social security costs	<b>35,687</b>	45,775
Share based payments	<b>14,688</b>	131,427
Pension costs	<b>9,500</b>	10,807
<b>Aggregate emoluments</b>	<b>328,340</b>	532,926

During the year ended June 2022 no Director (2021: 1 Director) exercised share options which have vested.

**19. Pension Scheme**

The Group operates a contribution scheme for which the pension cost charges for the period amounted to £2.1m (June 2021: £1.7m). As at 30 June 2022 £441,993 has been included in the trade and other payables for contributions (June 2021: £574,174) to be paid.

The Company operates a contribution scheme for which the pension cost charges for the period amounted to £2.0m (June 2021: £1.7m). As at 30 June 2022 £441,993 has been included in the trade and other payables for contributions (June 2021: £574,174) to be paid.

**20. Commitments and contingencies**

The Group does not have any material commitments under non-cancellable lease agreements, other than the lease liability disclosed in note 8.

**GoCardless Ltd****Notes to the consolidated financial statements****Year ended 30 June 2022****21. Related party transactions**

Key management are considered to be the Directors and the Executive Management team. Details of emoluments for the Group and Company are disclosed below.

	<b>Year ended 30 June 2022</b>	18 month period ended 30 June 2021
	£	£
<b>Key Management emoluments</b>		
Wages and salaries	<b>3,454,994</b>	3,242,141
Social security costs	<b>457,847</b>	435,944
Other Pension costs	<b>57,938</b>	86,435
Share based payments	<b>587,415</b>	1,169,838
<b>Aggregate emoluments</b>	<b>4,558,193</b>	4,934,358

During the year ended 30 June 2022, the Group received £9.8m in related party services from its sister company, GC Inc (period ended June 2021: £6.4m). At 30 June 2022 the Group had an intercompany payable to its sister company, GC Inc, of £15.6m (June 2021: £8.7m) and its parent company, Groupay Inc, of £4.7m (June 2021: £2.8m). Managerial and administration fees were bought on a cost-plus basis.

During the year ended 30 June 2022, the Company received £8.4m in related party services from its sister company, GC Inc (period ended June 2021: £6.4m). At 30 June 2022 the Group had an intercompany payable to its sister company, GC Inc, of £15.6m (June 2021: £8.7m) and its parent company, Groupay Inc, of £4.7m (June 2021: £2.8m).

During the year ended 30 June 2022, the Company provided £5.2m in related party services to GC SAS (period ended June 2021: £4.1m) and received £0.7m in related party services from GoCardless GmbH ("GC DE") (period ended June 2021: £0.9m). At 30 June 2022 the company had an intercompany payable with GC SAS of £3.3m (June 2021: £2.3m) and an intercompany payable with GC DE of £0.1m (June 2021: £0.2m).

At 30 June 2022, the other debtors balance includes a £0.2m (June 2021: £0.2m) Director loan receivable related to a loan granted to Hiroki Takeuchi, a director of the Company for the purchase of shares in the Group's parent. The loan is interest free and repayable upon redemption of the shares.

During the year ended 30 June 2022, the Company received £36.0k (18 month period ended 30 June 2021: £30.0k) of consulting services from "Skilled Sales Ltd.", a related party by virtue of Matthew Robinson, a director of the Company, all of which had been settled as of 30 June 2022.

During the year ended 30 June 2022, the Company received £28.8k (18 month period ended 30 June 2021: £15.6k) of consulting services from "Notion Platform Ltd.", a related party by virtue of Stephen Chandler, a director of the Company, all of which had been settled as of 30 June 2022.

**22. Safeguarding**

The Group safeguards customer funds in accordance with the Payment Services Regulations 2017. It has established safeguarding accounts with its bankers for this purpose. At 30 June 2022 funds held in safeguarding bank accounts amounted to £115.5m (June 2021: £24.3m). These balances are not recorded on the statement of financial position.

**23. Post financial statement events**

No significant events have occurred between the balance sheet date and the date of the signature of this report.