

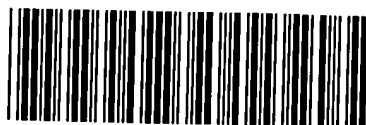
**Registered number: 06323311**

## **The Currency Cloud Limited**

**Annual report and financial statements**

**For the year ended 31 December 2020**

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THE CURRENCY CLOUD LIMITED

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THE CURRENCY CLOUD LIMITED

**Company Information**

<b>Directors</b>	M Laven S Lemon F Tee
<b>Company Secretary</b>	OHS Secretaries Limited (appointed 3rd December 2020)
<b>Registered number</b>	06323311
<b>Registered address</b>	9th Floor 107 Cheapside London EC2V 6DN
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants 1 Embankment Place London WC2N 6RH

## THE CURRENCY CLOUD LIMITED

### Strategic report

For the year ended 31 December 2020

#### Introduction

The directors have pleasure in presenting their Strategic Report on the Company for the year ended 31 December 2020. The directors' aim is to present a balanced and comprehensive review of the development and performance of the Company's business during the year and its position at the year end. It is written in the context of the risks and uncertainties that the Company faces.

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

The Company is part of the group of companies which composed of The Currency Cloud Group Limited and its subsidiaries (the Group). The Company is responsible for providing many of the regulated services offered by the Group, and as such earns a significant proportion of the Group's revenue. Given its key role within the Group, the directors deem it appropriate for the Company's business review to be prepared on the basis of the Group's consolidated performance.

#### Business Environment

Digital payment companies have been experiencing a decade of growth and in 2020, a year unlike any other, the impact of COVID-19 has been to further accelerate the shift to digital payment services. As a company that principally focuses on providing digital cross-border financial services, the Company has witnessed the effects of this shift first-hand. Currencycloud are the experts simplifying business in a multi-currency world, and we see the shift in digitalisation driving the next wave of Fintech innovation, as payments become increasingly embedded and unbundled from the banking system. The Company offers embedded financial services to other financial service providers who are looking to offer cross-border products and services. With leading-edge cloud native technology and everything from virtual wallets to the ability to send and receive multi-currency payments, the Company facilitates seamless money movement around the world.

As a result of the past year and growth experienced, the Group has built and continues to strengthen its proprietary cross-border technology infrastructure for future stars of financial services. The world of cross-border payments is complex, highly regulated and has high barriers to entry as a result. The Group's vision is for its technology to simplify this, and in doing so positively impact millions of people and businesses.

A recent market research study suggests that in 2019, cross-border payments totalled US\$130 trillion, generating payments revenues of US\$224 billion, yet the overwhelming majority of these payments continue to be facilitated by banks and financial institutions using traditional methods. These services are difficult to use and are expensive. The Group's technology enables customers to embed cross-border solutions into their customer experience and move money more simply, faster and at a lower cost.

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

#### Business Review

In spite of the global pandemic, 2020 has been a year of growth and success for the Company. Annual payment value has increased to £13.6bn (2019: £10.3bn), a record number of new customers were signed and the customer base increased by a quarter. Headcount grew by 30% to 61 employees (2019: 47), and the Company announced a move to become a remote-first company, investing significantly to embrace flexible working on a permanent basis, supporting staff to work from home and refurbishing offices to optimise for collaboration.

The Company's clients which already include many leading Fintechs and financial institutions (e.g. Starling Bank, Revolut, Penta now has over 450 customers using its platform. Growth was particularly notable in North America and Asia.

The Company also diversified its embedded payments offering, forming strategic partnerships with card issuers, BaaS banking platforms and other payment providers, including GPS, Carta, Mambu and Tribe. This allows their financial services clients to access real-time, wholesale FX rates for far greater transparency.

## THE CURRENCY CLOUD LIMITED

### Strategic report (continued) For the year ended 31 December 2020

#### Business Review (continued)

While COVID-19 presents a significant economic challenge, the Company continues to use the funds raised in its parent Company's £64.3 million Series E completed in December 2019 to drive expansion. Product innovation is a significant focus, and the Group has committed to spend £40 million to improve SME's ability to move money around the world, including £10 million from a British Competitions Remedies (BCR) grant. COVID-19 has further revealed just how underserved SMEs are by the traditional banking system, and the Company recognises that it has been a difficult year for many. The Group is committed to continuing to support our clients with a global payments platform which enhances their working capital and enables them to trade efficiently.

The Company continued to onboard customers to its global multi-currency wallet, Currencycloud Spark, with more than 20% of customers actively using it within six months of launch. It enables banks and Fintechs to provide multi-currency accounts in more than 35 currencies for business customers, significantly reducing barriers for SMEs to trade internationally.

The Board is pleased to report that, despite a challenging year with the onset of the COVID-19 pandemic, the value of payments processed through the Group's platform has continued to grow, up 33% to £13,628m (2019: £10,270m). Revenue increased by 33% to £35,432k (2019: £26,717k) as a result. Administrative expenses at £19,089k (2019: £14,499k) increased 32% driven by continued investment to drive growth. An operating profit of £2,865k (2019: £1,189k) was made in 2020.

The Company has net assets as at 31 December 2020 of £10,846k (2019: £2,954k). Cash and cash equivalents as at the balance sheet date are £37,697k (2019: £19,845k). Of this cash balance £8,000k (2019: £10,000k) is insured client money used for operational liquidity purposes. Further details of this arrangement are given in Note 13. During 2020, an additional 5,000k shares were issued by the Company to its parent company, The Currency Cloud Group Limited. The purpose of this was to give the Company sufficient headroom above its minimum capital adequacy requirements.

Other KPIs monitored by the Group on an ongoing basis are the Employee Net Promoter Score which increased to 60 (2019: 16) when measured in December 2020, an increase of 275%, and customer count which increased by 92 to 452 (2019: 360).

#### Section 172 Statement

The directors deem it appropriate for the Company's Section 172 statement to be prepared on the basis of the Group's consolidated performance and delivers the same statement as that disclosed in the Group financial statements.

Section 172 of the Companies Act statement is discussed on page 4 in the Group's consolidated financial statements copies of which are available from the company secretary OHS Secretaries Limited, 9th Floor 107 Cheapside London EC2V 6DN.

#### Principal risks and uncertainties

The Company is committed to operating appropriate governance for a business of its size and activities and to delivering growth and innovation without exposing customers to unacceptable risks. Its risk appetite is set by the Board.

##### *Principal risks*

The principal risks and uncertainties that the Company encounter include risks from, non-compliance with laws and regulations banking partner activities, systems interruptions, operational errors occurring in the act of processing client transactions, cyber threats and foreign exchange services related to extreme rate fluctuations.

The Company continues to take steps in preventing and managing these risks including comprehensive processes in respect of its technology platform and operations, along with working with multiple service providers. In respect of foreign exchange risks, this is managed by operating robust processes to monitor and manage exchange rate volatility in regard to open exposures.

##### *Regulatory risks*

The Company operates in an industry subject to extensive and comprehensive regulation which has seen much change in recent years. This gives rise to the risk that the Group would execute payments on behalf of customers which contravene anti-money laundering or terrorist financing legislation.

The risk mitigated by the robust policies and procedures currently in place for making Know Your Client checks, transaction monitoring and sanction screening using third party and proprietary data where appropriate. In addition, there are procedures for reporting suspicious transactions to the relevant bodies when detected. The Compliance function is adequately resourced in terms of staff and systems in order to fulfil its role and management provide regular updates to the Directors on its performance. Further details on the risks faced by the Group can be found in the Directors' report.

THE CURRENCY CLOUD LIMITED

**Strategic report (continued)**  
**For the year ended 31 December 2020**

**Principal risks and uncertainties (continued)**

*Political uncertainties*

Additionally, there are uncertainties from global political changes, for example increased restrictions on access to the EU market as a result of the UK's departure from the European Union, as well as talent acquisition and retention. In response to these potential challenges the Group has acquired a regulatory license in the Netherlands and also now has access to a further talent pool as a result.

*COVID-19*

The COVID-19 virus has presented a number of challenges however the Company's priority has been the health and safety of its employees while continuing to serve our clients to the same high standard. The Company transitioned, ahead of the mandated government lockdown, to a mandatory remote working policy to ensure the wellbeing of all our colleagues while keeping business disruption to a minimum. The Company continues to support employees working remotely via a number of mental health initiatives.

The Company's business model provides confidence that it will be able to weather the ongoing market volatility and uncertainty caused by COVID-19. It serves a diverse range of customers across a variety of sectors and geographies and while certain sectors will undoubtedly be negatively impacted this will not be the case for all. The Company has a strong, liquid balance sheet and will be able to cope with any reasonable downturn in markets.

This report was approved by the board and signed on its behalf on 15 September 2021

DocuSigned by:

*Michael Laven*

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**M Laven**  
Director

## THE CURRENCY CLOUD LIMITED

### **Directors' report For the year ended 31 December 2020**

The directors present their report and the audited financial statements for the year ended 31 December 2020.

#### **Principal activities**

The Currency Cloud Limited is a private limited company, which is limited by shares and registered in England, United Kingdom. The Company's registered address is 9th Floor, 107 Cheapside, London, EC2V 6DN. The Company is a wholly owned subsidiary of The Currency Cloud Group Limited (the Group). The principal activity of the Group is that of a dedicated provider of international payments and currency conversion services via the Group's in-house developed technology. This platform is primarily offered to white label partners as well as through an Application Program Interface (API).

#### **Results and dividends**

The profit for the year, after taxation, amounted to £2,892k (2019: £1,195k).

The Company has not paid interim dividends (2019: £nil) and does not recommend the payment of a final dividend (2019: £nil).

#### **Directors**

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

M Laven  
S Lemon  
F Tee

#### **Future developments**

Given its key role within the Group, the directors deem it appropriate for the Company's future development review to be prepared on the basis of the Group's consolidated performance.

The growth experienced in 2020 is expected to continue and accelerate in the coming years. The Group's investments will fuel future expansion, including opening an office in Asia in 2021 and obtaining further regulatory licences to operate in the Asia-Pacific region. Alongside geographic growth, the Group is planning to further develop its product offering to strengthen and expand on the advancements made in 2020.

Due to the impact of Brexit on the Company's passporting rights in the EU, a number of customers were required to migrate their contract to the Company's sister entity, Currency Cloud B.V. which is licensed by the De Nederlandsche Bank. The loss of revenue to the Company as a result is not expected to be significant.

#### **Post Balance Sheet Events**

On the 22 July 2021, the Group signed an Agreement with Visa, the digital payments provider, to acquire 100% of the share capital of The Currency Cloud Group Limited, of which The Currency Cloud Limited is a wholly owned subsidiary. This completion of the acquisition is subject to approval from the relevant regulatory authorities.

#### **Employees**

The Company has a policy of non-discrimination on grounds related to gender, disability, age, race or other factors irrelevant to employment. All applications are considered equally and we operate policies to support and encourage diversity within our teams.

It is the Company's policy to give full and fair consideration to applicants for employment made by disabled persons, having regard to their particular attitude and abilities. Wherever possible, arrangements are made for the continued employment of persons who have become disabled during service and for the appropriate training, career development and promotion of disabled persons.

#### **Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

#### **Risk management**

In the course of its business operations, the Company is exposed to a variety of risks including operational, financial, liquidity and credit risk. The Company's risk management policy seeks to mitigate and minimise the potential impact on the business' performance.

## THE CURRENCY CLOUD LIMITED

### **Directors' report (continued) For the year ended 31 December 2020**

#### **Risk management (continued)**

##### *Operational Risk*

This is the risk of a direct or indirect loss resulting from inadequacies or failures in project, processes or controls due to technology, staff, organisations or external factors.

To monitor and control operational risk, the Company maintains a system of comprehensive policies and controls framework which are designed to provide a sound and well controlled operational environment.

##### *Financial Risk*

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

##### *Liquidity Risk*

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

##### *Credit Risk*

Credit risk is the financial loss that arises if a customer or party fails to meet its contractual obligations. The Company has robust policies in place to review substantial credit exposures prior to entering into a transaction and for the ongoing monitoring of positions.

The Company's credit risk is attributable to its trade debtors, whose outstanding balance is closely monitored. The Company holds cash and deposits with banks and financial institutions and will assess the credit quality of the partner, taking into account past and current factors in managing its risk.

##### *Compliance Risk*

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

##### *Cybersecurity and Data Privacy Risk*

This is the risk of a loss occurring as a result of a failure to adequately restrict access to systems and data as well as having inappropriate or outdated technology infrastructure which does not support the Company's operations. The Company handles a large amount of personal data on behalf of our customers and must adhere to stringent data protection regulations. The Company manages this risk by implementing systems and controls to mitigate the risk, periodically testing these measures and holding training sessions with all staff.

#### **Going Concern**

In assessing whether the company is a going concern, the Directors have considered the Group's forecast cash flows, liquidity, access to borrowing facilities, capital adequacy requirements imposed by regulators and the operational requirements of the Group. Given the Company's importance to the Group and the provision of parental support, this is deemed an appropriate approach. The major variables in the Group's scenario planning for going concern purposes are the levels of customer growth and retention in the base of existing customers, the identification and acquisition of new customers and the ability of the Group to enact reductions in discretionary expenditure in order to minimise cash outflows. This assessment produced a severe but plausible scenario which assumed a 20% reduction in revenue and the implementation of actions to control costs where deemed feasible. Throughout this scenario the Group remains a going concern. The Directors have concluded that the Company requires parental support to be considered a going concern, and based on their review of the Group's financial position, the guarantee made by the Company's parent entity can be relied upon.

The Directors took into account the impact of the current COVID-19 environment, however note that neither the Company or Group have been materially adversely affected to date in terms of volume of transactions being processed through the platform or new customer acquisition.

## THE CURRENCY CLOUD LIMITED

### **Directors' report (continued) For the year ended 31 December 2020**

#### **Going Concern (continued)**

Having due regard to these matters and after making appropriate enquiries, the Directors have a reasonable assumption that the Group and Company have adequate resources to remain in operation until at least 12 months after the approval of these financial statements. The Directors have therefore continued to adopt the going concern basis in preparing the consolidated Financial Statements.

#### **Streamlined Energy and Carbon Reporting**

Given its key role within the Group, the directors deem it appropriate for the Company's Energy and Greenhouse Gas Report to be prepared on the basis of the Group's consolidated performance.

This can be found on page 7 in the Group's consolidated financial statements copies of which are available from the company secretary OHS Secretaries Limited, 9th Floor 107 Cheapside London EC2V 6DN.

#### **Statement of directors' responsibilities in respect of the financial statements**

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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

#### **Directors' confirmations**

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

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

This report was approved by the board and signed on its behalf on 15 September 2021

DocuSigned by:

*Michael Laven*

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**M Laven**  
Director

THE CURRENCY CLOUD LIMITED

**Independent auditors' report to the members of The Currency Cloud Limited  
For the year ended 31 December 2020**

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

## Report on the audit of the financial statements

### Opinion

In our opinion, The Currency Cloud Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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 and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2020; the statement of comprehensive income and statement of changes in equity 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 company 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 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 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.

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.

## THE CURRENCY CLOUD LIMITED

### Independent auditors' report to the members of The Currency Cloud Limited (continued) For the year ended 31 December 2020

#### 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 31 December 2020 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 company and its 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 Directors' responsibilities statement, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### 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 company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Financial Conduct Authority's ("FCA") regulations, UK tax legislation, and equivalent regulations in the territories in which the Company operates, 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. 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 posting inappropriate journal entries, creation of fictitious revenue transactions, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Review of correspondence with and reports to the regulators, including the FCA;
- Review of reporting to the Board and the Risk Committee in respect of compliance and legal matters;
- Enquiries of management, the Currency Cloud Group's head of legal and the Currency Cloud Group's chief compliance officer, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Obtaining confirmations from third parties to confirm the existence of cash balances and a sample of other balances;
- Challenging assumptions and judgements made by management, in particular in relation to the recognition of customer cash off balance sheet, the valuation of derivative assets and liabilities and the recoverability of intercompany receivables; and
- Identifying and testing journal entries, including those posted with double entries to unusual account combinations and those posted with unusual descriptions.

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.

#### 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.

THE CURRENCY CLOUD LIMITED

**Independent auditors' report to the members of The Currency Cloud Limited (continued)  
For the year ended 31 December 2020**

## Other required reporting

### **Companies Act 2006 exception 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 financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Nadir Guessoum (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
15-09-2021

## THE CURRENCY CLOUD LIMITED

**Statement of comprehensive income  
For the year ended 31 December 2020**

	<b>Note</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Revenue	4	<b>35,432</b>	26,717
Cost of sales		<b>(13,478)</b>	(11,029)
<b>Gross profit</b>		<b>21,954</b>	15,688
Administrative expenses		<b>(19,089)</b>	(14,499)
<b>Operating profit</b>	5	<b>2,865</b>	1,189
Finance income	9	<b>28</b>	7
Finance costs	10	-	(1)
<b>Profit before taxation</b>		<b>2,893</b>	1,195
Tax on profit	11	<b>(1)</b>	-
<b>Profit for the financial year</b>		<b>2,892</b>	1,195

There was no other comprehensive income for 2020 (2019: £nil).

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

The notes on pages 14 to 24 are an integral part of these financial statements.

## THE CURRENCY CLOUD LIMITED

Company Registration number: 06323311

Statement of financial position  
As at 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	129,183	96,323
Cash at bank	13	37,697	19,845
		<u>166,880</u>	<u>116,168</u>
Creditors: amounts falling due within one year	14	(156,034)	(113,214)
<b>Net assets</b>		<u>10,846</u>	<u>2,954</u>
<b>Capital and reserves</b>			
Called up share capital	16	5,850	850
Profit and loss account	17	4,996	2,104
<b>Total equity</b>		<u>10,846</u>	<u>2,954</u>

The notes on pages 14 to 24 are an integral part of these financial statements.

The financial statements on pages 11 to 24 were authorised by the Board of Directors and were signed on its behalf on 15 September 2021.

DocuSigned by:  
  
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**M Laven**  
 Director

## THE CURRENCY CLOUD LIMITED

**Statement of changes in equity  
For the year ended 31 December 2020**

	<b>Called up share capital £'000</b>	<b>Profit &amp; loss account £'000</b>	<b>Total equity £'000</b>
<b>At 1 January 2019</b>	<b>850</b>	<b>909</b>	<b>1,759</b>
Profit for the financial year	-	1,195	1,195
<b>Total comprehensive income</b>	<b>-</b>	<b>1,195</b>	<b>1,195</b>
<b>At 31 December 2019</b>	<b>850</b>	<b>2,104</b>	<b>2,954</b>
<b>At 1 January 2020</b>	<b>850</b>	<b>2,104</b>	<b>2,954</b>
Profit for the financial year	-	2,892	2,892
Shares issued during the financial year	5,000	-	5,000
<b>Total comprehensive income</b>	<b>5,000</b>	<b>2,892</b>	<b>7,892</b>
<b>At 31 December 2020</b>	<b>5,850</b>	<b>4,996</b>	<b>10,846</b>

The notes on pages 14 to 24 are an integral part of these financial statements.

## THE CURRENCY CLOUD LIMITED

### Notes to the financial statements For the year ended 31 December 2020

#### 1. General information

The Currency Cloud Limited is a private limited company, which is limited by shares and registered in England, United Kingdom. The Company's registered address is 9th Floor, 107 Cheapside, London, EC2V 6DN. The Company is a wholly owned subsidiary of The Currency Cloud Group Limited (the Group). The principal activity of the Group is that of a dedicated provider of international payments and currency conversion services via the Group's in-house developed technology. This platform is primarily offered to White Label Partners as well as through an Application Program Interface (API).

#### 2. Accounting policies

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

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

##### 2.1. Basis of preparation

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

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

##### 2.2. Going concern

In assessing whether the Company is a going concern, the Directors have considered the Group's forecast cash flows, liquidity, access to borrowing facilities, capital adequacy requirements imposed by regulators and the operational requirements of the Company. Given the Company's importance to the Group and the provision of parental support, this is deemed an appropriate approach. The major variables in the Group's scenario planning for going concern purposes are the levels of customer growth and retention in the base of existing customers, the identification and acquisition of new customers and the ability of the Group to enact reductions in discretionary expenditure in order to minimise cash outflows. This assessment produced a severe but plausible scenario which assumed a 20% reduction in revenue and the implementation of actions to control costs where deemed feasible. Throughout this scenario the Group remains a going concern. The Directors have concluded that the Company requires parental support to be considered a going concern, and based on their review of the Group's financial position, the guarantee made by the Company's parent entity can be relied upon.

The Directors took into account the impact of the current COVID-19 environment, however note that neither the Company or the Group have not been materially adversely affected to date in terms of volume of transactions being processed through the platform or new customer acquisition.

Having due regard to these matters and after making appropriate enquiries, the Directors have a reasonable assumption that the Group and Company have adequate resources to remain in operation until at least 12 months after the approval of these financial statements. The Directors have therefore continued to adopt the going concern basis in preparing the consolidated Financial Statements.

##### 2.3. Revenue

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

Revenue comprises platform usage fees, transactional fees and commissions. Revenue from arranging forward contracts in foreign exchange are recognised on the date of trade execution. This revenue is included in accrued income until the settlement date of the transaction. Platform usage fees are monthly fees which are recognised in the month in which they are provided. Transactional fees and commissions are recognised on the date of transaction execution. Where a customer has prepaid for services, this payment is recognised as deferred income and recognised over the period the service is delivered.

**THE CURRENCY CLOUD LIMITED****Notes to the financial statements (continued)  
For the year ended 31 December 2020****2. Accounting policies (continued)****2.4. Cost of sales**

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

**2.5. Trade debtors**

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

**2.6. Cash at bank**

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

Cash held in deposit notice accounts have a 32-day notice period. If notice is given of withdrawal, interest is paid at 0.15% below the Bank of England Base Rate. The balance in deposit notice accounts at the year end was £10,034k (2019: £10,005k).

The Company holds client money on behalf of clients in accordance with client money rules of the Financial Conduct Authority (firm reference number: 900199). Client monies held in segregated bank accounts in accordance with regulations and the corresponding liabilities to these clients are not recognised in the Balance Sheet because monies are held in trust and the Company is not beneficially entitled to them. Where client monies have been insured and used for operational liquidity, they have been recognised on the Balance Sheet. The amount of these monies is disclosed in Note 13 of the financial statements.

**2.7. Financial instruments**

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

**(i) Financial assets**

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

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

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

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

Where there are foreign exchange forward contracts open at the balance sheet date, these positions are marked to market to arrive at their fair value.

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

**THE CURRENCY CLOUD LIMITED****Notes to the financial statements (continued)  
For the year ended 31 December 2020****2. Accounting policies (continued)****2.7. Financial instruments (continued)****(ii) Financial liabilities**

Basic financial liabilities, including trade and other payables, deferred income and client money are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

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

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

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

**2.8. Creditors**

Short term creditors are measured at the transaction price.

**2.9. Foreign currency translation****(i) Functional and presentation currency**

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

**(ii) Transactions and balances**

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

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

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

**2.10. Employee benefits**

The Company provides a range of benefits to employees, including annual bonus arrangements, holiday pay, defined contribution pension plans and employee stock options.

**(i) Defined contribution pension plan**

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

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

THE CURRENCY CLOUD LIMITED

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

**2. Accounting policies (continued)**

**2.10. Employee benefits (continued)**

**(ii) Holiday pay accrual**

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

**(iii) Annual bonus**

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

**2.11. Interest Income**

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

**2.12. Taxation**

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

Current or deferred taxation assets and liabilities are not discounted.

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

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

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

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

**2.13. Share capital**

Ordinary shares are classified as equity.

**2.14. Financial reporting standard 102 - reduced disclosure exemptions**

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv),
- the requirements of Section 7 Statement of Cash Flows,
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d),
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Currency Cloud Group Limited as at 31 December 2020 and these financial statements may be obtained from The Stewardship Building 1st Floor, 12 Steward Street, London, E1 6FQ.

THE CURRENCY CLOUD LIMITED

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020**

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

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

**(a) Critical judgments in applying the entity's accounting policies**

(i) Segregated client money accounts

Assessing whether segregated client money accounts, and the corresponding liability to return these funds to clients, is required to be reflected in the Balance Sheet of the Company requires judgement. The directors have concluded that the criteria for recognition have not been met, namely the receipt of economic benefit from funds in these accounts, therefore have not recognised within the financial statements. Disclosure has been made of the amount in Note 13 to the financial statements.

Client money that has been insured and used for operational liquidity has been brought on Balance Sheet as it is considered the company has an economic benefit from the funds. The amount of client money insured at 31 December 2020 was £8m (2019: £10m). If client money not used to provide operational liquidity it was deemed to have met the recognition criteria, the result would be an additional £193,276m (2019: £111,674m) would be included in cash and cash equivalents.

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

As part of its impairment review of intercompany receivables, the directors have assessed the ability of companies within the Group to repay intercompany amounts owed on demand to the Company. With respect to the intercompany debtor the Company is owed by The Currency Cloud Services Limited (TCCSL) of £69,430k (2019: £54,817k), the directors acknowledge that TCCSL is loss making and has negative cashflows. The Directors consider that the recoverability of this balance is dependent on TCCSL being provided with a guarantee by its Parent, The Currency Cloud Group Limited. The Directors do not consider the recoverability of any other intercompany receivables as being a critical judgement.

## THE CURRENCY CLOUD LIMITED

Notes to the financial statements (continued)  
For the year ended 31 December 2020

## 4. Revenue

An analysis of revenue of business is as follows:

	2020 £'000	2019 £'000
Platform usage fee	16,065	10,884
Commission receivable	13,677	10,661
Transactional fee	5,690	5,172
<b>Total Revenue</b>	<b>35,432</b>	<b>26,717</b>

An analysis of revenue by geography is as follows:

	2020 £'000	2019 £'000
United Kingdom	23,586	18,000
Continental Europe	5,947	4,208
Americas	2,309	2,144
Asia	3,263	1,986
Africa	327	379
<b>Total Revenue</b>	<b>35,432</b>	<b>26,717</b>

## 5. Operating profit

	2020 £'000	2019 £'000
The operating profit is stated after charging/(crediting):		
Fees payable to the Group's auditors and their associates for the audit of the Company's annual financial statements	43	29
Foreign exchange differences gains	557	880
Impairment of trade receivables	79	(7)
	<b>679</b>	<b>902</b>

## 6. Employee costs

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

	2020 £'000	2019 £'000
Wages and salaries	4,442	2,207
Social security costs	581	334
Other pension costs	183	84
	<b>5,206</b>	<b>2,625</b>

## THE CURRENCY CLOUD LIMITED

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020****7. Employee numbers**

The average monthly number of employees during the year was as follows:

	<b>2020</b>	2019
	<b>No.</b>	No.
Sales	<b>56</b>	35
	<b>56</b>	35

**8. Directors' remuneration**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Directors' emoluments	<b>895</b>	989
	<b>895</b>	989

The directors of the Company receive all their remuneration from another Group entity, The Currency Cloud Services Limited. Disclosure of directors' remuneration can therefore be found in the financial statements of this Company. 24% (2019: 24%) of the Director's emoluments disclosed above in this note are recharged to the Company based on the allocation of headcount across the Group.

The highest paid director received remuneration of £340k (2019: £397k). No director receives a pension from the Company. No directors exercised any share options during the year (2019: nil shares).

**9. Finance income**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Interest receivable	<b>28</b>	7
	<b>28</b>	7

**10. Finance costs**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Bank interest payable	-	(1)
	-	(1)

## THE CURRENCY CLOUD LIMITED

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020****11. Tax on profit**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>Corporation tax</b>		
Current tax on profit for the financial year	<b>1</b>	-
Total tax	<b>1</b>	-

**Factors affecting tax charge for the year**

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

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Profit before taxation	<b>2,893</b>	1,195
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	<b>550</b>	227
<b>Effects of:</b>		
Expenses not deductible	<b>2</b>	3
Group relief claimed	<b>(559)</b>	(235)
Deferred tax not provided	<b>8</b>	5
<b>Total tax charge for the financial year</b>	<b>1</b>	-

As of the Statement of financial position date, there was £nil (2019: £13k) of trading losses available to be used against future trading profits. These remain unrecognised due to the lack of historic profitability.

During the Chancellor's Budget on 3 March 2021, a UK corporation tax rate increase from 19% to 25%, effective from 1 April 2023 was announced. As this rate change was substantively enacted on 24 May 2021, deferred tax assets and liabilities within these financial statements continue to be measured at 19%, the substantively enacted rate at which they are expected to reverse.

**12. Debtors**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>Due within one year</b>		
Trade debtors	<b>2,322</b>	1,751
Amounts owed by group undertakings	<b>109,504</b>	81,820
Other debtors	<b>476</b>	236
Collateral held at trading counterparty	<b>6,769</b>	6,582
Derivative financial assets	<b>7,563</b>	4,866
Prepayments	<b>231</b>	119
Accrued income	<b>2,318</b>	949
	<b>129,183</b>	96,323

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

Other debtors has been presented in further detail for 2020 and 2019 has been represented for comparability. There are no changes to the balances.

## THE CURRENCY CLOUD LIMITED

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020****13. Cash at bank**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Cash at bank	<b>37,697</b>	19,845
	<b>37,697</b>	19,845

Excluded from the cash at bank is an amount of £193,276k (2019: £111,674k) held in segregated client accounts subject to safeguarding restrictions. As per the Company's accounting policies, these funds are not deemed to have met the criteria for recognition.

Included in the cash at bank is insured client money of £8,000k (2019: £10,000k) that has been insured and used for operational liquidity. This insurance policy means that were the Company to become insolvent (as described in section 22 of the Electronic Money Regulations 2011 (EMR 2011), any shortfall up to a limit of £8,000k in relevant funds (as described in section 20 of the EMR 2011) would be paid by the insurer. As per the Company's accounting policies, these are deemed to have met the criteria for recognition.

**14. Creditors: amounts falling due within one year**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Trade creditors	<b>1,169</b>	657
Amounts owed to group undertakings	<b>114,775</b>	80,553
Client money	<b>8,000</b>	10,000
Taxation and social security	<b>394</b>	856
Other creditors	<b>7,270</b>	2,622
Amounts payable to clients	<b>13,822</b>	10,370
Derivative financial liabilities	<b>7,532</b>	4,866
Accruals	<b>486</b>	417
Deferred income	<b>2,586</b>	2,873
	<b>156,034</b>	113,214

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

Other creditors have been broken out into further details for 2020 and 2019 has been represented for comparability. There are no changes to the balances.

In relation to loans arranged by the Company's parent, The Currency Cloud Group Limited, Kreos Capital V (UK) Limited holds a debenture over the Company and have fixed charge over its assets.

## THE CURRENCY CLOUD LIMITED

**Notes to the financial statements (continued)**  
**For the year ended 31 December 2020****15. Financial Instruments**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost:		
Trade debtors	<b>2,322</b>	1,751
Collateral held at trading counterparty	<b>6,769</b>	6,582
Amounts owed by group undertakings	<b>109,504</b>	81,820
Accrued income	<b>2,318</b>	949
Other debtors	<b>476</b>	236
	<b>121,389</b>	91,338
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost:		
Trade creditors	<b>(1,169)</b>	(657)
Other creditors	<b>(7,270)</b>	(2,622)
Amounts payable to clients	<b>(13,822)</b>	(10,370)
Client money liability	<b>(8,000)</b>	(10,000)
Accruals	<b>(486)</b>	(417)
Amounts owed to group undertakings	<b>(114,775)</b>	(80,553)
	<b>(145,522)</b>	(104,619)

Other debtors and other creditors have been presented in further detail for 2020 and 2019 has been represented for comparability. There are no changes to the balances.

Financial assets measured at amortised costs comprise trade receivables, amounts owed by group undertakings, accrued income and other debtors.

Financial liabilities measured at amortised costs comprise bank loans and overdrafts, trade payables, other creditors, amounts owed to group undertakings and accruals.

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Financial assets measured at fair value	<b>7,563</b>	4,866
Financial liabilities measured at fair value	<b>(7,532)</b>	(4,866)
	<b>31</b>	-

**Derivative financial assets**

The Company enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency contracts. The financial derivative assets and liabilities are carried at their fair value and represent the discounted change in fair value (2019: £nil).

At 31 December 2020 the fair value of forward exchange assets at fair value was £7,563k (2019: £4,866k) and liabilities was £7,532k (2019: £4,866k).

The difference of £31k between the fair value of the forward exchange asset and liability (2019: £nil) relate to foreign exchange swap contracts the Company enters into in order to manage its operational liquidity.

## THE CURRENCY CLOUD LIMITED

**Notes to the financial statements (continued)  
For the year ended 31 December 2020****16. Called up share capital**

Allotted, called up and fully paid	Number of shares		2020 £'000	2019 £'000
	2020	2019		
<b>Class and nominal value</b>				
Ordinary shares of £1.00 each	5,850,000	850,000	5,850	850
	<u>5,850,000</u>	<u>850,000</u>	<u>5,850</u>	<u>850</u>

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

In November 2020, the Company issued 5,000k shares to The Currency Cloud Group Limited for an issue price of £1.00 per share.

**17. Profit and loss account**

This reserve comprises all current and prior year retained losses.

**18. Pension commitments**

The Company operates a defined contribution pension scheme. The pensions cost charge represents contributions payable by the Company to the fund and amount to £183k (2019: £84k). As at 31 December 2020, £113k (2019: £74k) was outstanding.

**19. Related party transactions**

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

**20. Ultimate controlling party**

The immediate parent undertaking is The Currency Cloud Group Limited.

The ultimate parent undertaking and the smallest and largest Group to consolidate these financial statements is The Currency Cloud Group Limited. Copies of The Currency Cloud Group Limited consolidated financial statements can be obtained from the Company Secretary at 9th Floor, 107 Cheapside, London, England, EC2V 6DN.

The ultimate controlling party is The Currency Cloud Group Limited.

Should the proposed acquisition of the Group by Visa be completed, the ultimate controlling entity will become Visa Inc., which is incorporated in the United States of America.

**21. Post balance sheet events**

On the 19 January 2021 the Company's parent, the Currency Cloud Group Limited, secured access to a credit facility from Kreos Capital VI (UK) Limited. The terms of this loan allow Kreos Capital VI (UK) Limited to place a debenture over the assets of the Company.

On the 24 June 2021, the Company's parent arranged access to a convertible loan note of £20,000k from an existing shareholder. This note carries an interest rate of 8% per annum and is convertible at the Company's discretion subject to certain conditions being met. Should the loan note be drawn upon it would be classified as a financial liability until it was either repaid in full or converted to equity.

On the 22 July 2021, the Group signed a Agreement with Visa, the digital payments provider, to acquire 100% of the share capital of The Currency Cloud Group Limited, of which The Currency Cloud Limited is a wholly owned subsidiary. This completion of the acquisition is subject to approval from the relevant regulatory authorities.