

FOREIGN CURRENCY EXCHANGE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

TUESDAY



AC803W76

A03

18/07/2023

#177

COMPANIES HOUSE

FOREIGN CURRENCY EXCHANGE LIMITED

COMPANY INFORMATION

Directors	N Fullerton D Wray B Flowers C Richardson T Watson
Registered number	05452483
Registered office	4th Floor 8-10 Moorgate London United Kingdom EC2R 6DA
Independent auditor	Grant Thornton UK LLP 30 Finsbury Square EC2A 1AG

FOREIGN CURRENCY EXCHANGE LIMITED

CONTENTS

	Page
Strategic report	1 - 3
Directors' report	4 - 6
Independent auditor's report	7 - 11
Statement of comprehensive income	12
Balance sheet	13
Statement of changes in equity	14
Notes to the financial statements	15 - 46

FOREIGN CURRENCY EXCHANGE LIMITED

Strategic report FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their report, the auditor's report and financial statements for the year ended 31 December 2022 on pages 4 to 14 and accompanying notes on pages 15 to 46. The results of the Company are reported under Financial Reporting Standard 101 'Reduced Disclosure Framework,' which is the applicable financial reporting standard for UK companies applying the recognition and measurement criteria of International Financial Reporting Standards.

Our purpose is to assist clients with managing their foreign exchange exposure in a manner consistent with their risk appetite, with a vision to be our clients chosen foreign currency specialist. We strive to do the right thing at every stage of every transaction, never forgetting that our clients trust us to be their foreign exchange expert. We will achieve this by delivering an effortless foreign exchange experience to every client, empowered by the best technology and exceptional people.

Business review

The company is part of the Global Reach Group of companies. We are a leading provider in foreign exchange risk management and payment services, for clients ranging from individuals and SMEs, through to FTSE 100 corporates and financial institutions. Through our experienced team and proprietary suite of technology, we deliver our service to thousands of customers globally.

2022 was a successful year for the Group with strong revenue growth and substantially increased operating performance across all areas of the business. The group achieved significant revenue growth from its optimised payments business compared with the prior year.

The Group also continued to invest in people, compliance, technology, and products to further enhance the value offered to both existing and new clients, with progress made across several areas.

FOREIGN CURRENCY EXCHANGE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Principal risks and uncertainties

Systems and controls are in place to manage and mitigate risks at all times. The Company has implemented a 'three lines of defence' model that ensures clear delineation of responsibilities between day-to-day operational management, risk monitoring and oversight, as well as assurance.

The following are the key risks impacting the Company:

- Client Credit Risk
- Institutional Counterparty Credit Risk
- Liquidity Risk
- Regulatory Risk
- Operational Risk

The Company has an overarching Risk Management Framework to strengthen its risk management processes and practices. The Risk Management Framework refers to the set of components, including risk appetite, policies, procedures, governance, systems and tools that support risk management at the Company.

Risks and mitigating controls are periodically reassessed, taking into account the Company's risk appetite. Where risks are identified which fall outside of the Company's risk tolerance levels, or where the need for remedial action is identified in respect of identified weaknesses in the Company's mitigating controls, then actions are taken to improve the control framework.

Client Credit Risk

Credit Risk represents the loss that the Company would incur if a client failed to meet its contractual obligations. A client credit exposure exists where a client's net contractual amount payable to the Company is greater than the margin or other collateral received by the Company.

Credit Risk is mitigated by the Company's underwriting and credit assessment process, and further through taking collateral from clients where appropriate. The credit assessment process mitigates client credit risk by setting appropriate client collateral terms including initial deposit and variation margin requirements following significant market movements.

Counterparty Credit Risk

A factor that may contribute to increased credit risk is the concentration of assets held with a single counterparty which it uses to hedge its clients. A counterparty exposure exists where the Company's net contractual receivable is greater than the margin or other collateral deposited by the Company with the institutional counterparty. It denotes the risk that an institutional counterparty of a derivative trade will not honour its financial commitments.

The Company manages the credit risk arising from counterparties by using a number of institutions and through the use of two way margining facilities.

Going Concern

The directors have presented the financial statements on the going concern basis. The Company meets its day to day working capital requirements through its available cash resources and liquidity. Liquidity of the Company is managed on a group basis and so management have also considered the Group's forecasts and projections in their going concern assessment of the Company, along with sensitivity analysis of foreign currency movement exposures and the Group's covenant requirements of its senior debt facility. Following the acquisition of the Group by FleetCor Technologies, Inc. on 3 January 2023 the obligations of the senior facility agreement in the affiliated company Project Galaxy Bidco Limited have been fully satisfied. Based on the assessment of these risks, the Directors believe the company will be a going concern for the next 12 months from the date of approval of the Directors' reports and financial statements.

FOREIGN CURRENCY EXCHANGE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Financial key performance indicators

The KPIs presented below are considered most relevant and are used by management and external stakeholders to monitor the performance of the Company.

	2022	2021	Change from 2021
	£000	£000	%
Total transaction value*	432,284	412,777	5
Turnover	4,004	3,784	6
Operating profit	636	405	57
Adjusted EBITDA**	665	430	55
Full-time employees***	22	23	(4)
Business cash balance****	1,412	2,169	(35)
Return on business assets %	25	20	25

The directors consider these performance indicators to be satisfactory and are in line with expectations given coronavirus restrictions and initiatives taken by management during the year.

*Total transaction value presented excludes all intercompany trades.

**The calculation of adjusted EBITDA is provided in note 31 of the financial statements.

***Details of the average number of employees is provided in note 8 of the financial statements.

****The split of operational and client held funds is provided in note 16 of the financial statements.

Future developments

Following the acquisition of the ultimate parent on 3rd Jan 2023, the group is looking to leverage the liquidity resources, product capability and wider technology of the FleetCor Technologies, Inc. group to both increase business with existing customers and accelerate market share.

This report was approved by the board on 28 April 2023 and signed on its behalf.

Brett Flowers
B Flowers
Director

FOREIGN CURRENCY EXCHANGE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 'Reduced Disclosure Framework'. 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 and of the profit or loss of the Company for that period.

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

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

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

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

Principal activity

The principal activity of the Company continued to be that of commercial foreign exchange hedging solutions for clients. The Company is authorised by the Financial Conduct Authority (FCA) as an Authorised Electronic Money Institution (FRN 900205).

Results and dividends

The profit for the year, after taxation, amounted to £534k (2021 - £319k).
No dividend is being proposed for the year ending 31 December 2022.

Directors

The directors who served during the year were:

N Fullerton
D Wray
B Flowers
C Richardson
T Watson

FOREIGN CURRENCY EXCHANGE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Financial instruments

The Company's financial instruments comprise foreign currency forward and option contracts, cash at bank, and various receivables and payables that arise directly from its operations.

Matters covered in the strategic report

The Board is responsible for identifying principal risks and for proposing suitable mitigating strategies. This has been address in the Strategic report, along with a full review of the position and performance of the Company and expected future developments.

Disclosure of information to auditor

The directors confirmed that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that ought to have been taken as director in orders to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

On 3 January 2023, FleetCor Technologies, Inc. acquired the entire share capital of Global Reach Group Holdings (Jersey) Limited, of which this company is an indirect subsidiary. Following the acquisition, the ultimate holding company of the Group is FleetCor Technologies, Inc.

FOREIGN CURRENCY EXCHANGE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 April 2023 and signed on its behalf.

Brett Flowers

B Flowers
Director

FOREIGN CURRENCY EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOREIGN CURRENCY EXCHANGE LIMITED

Opinion

We have audited the financial statements of Foreign Currency Exchange Limited (the 'company') for the year ended 31 December 2022, which comprise Statement Of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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

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

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

FOREIGN CURRENCY EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOREIGN CURRENCY EXCHANGE LIMITED

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

FOREIGN CURRENCY EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOREIGN CURRENCY EXCHANGE LIMITED

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and management. We determined that the most significant laws and regulations were the Payment Services Regulations 2017 and applicable Financial Services and Markets Act 2000 (FSMA 2000) legislation and the Electronic Money Regulations 2011 and those that relate to the financial reporting framework, being applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' and the Companies Act 2006, together with UK tax legislation.
- We enquired of the directors and management including legal, compliance and risk to obtain an understanding of how the Company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations and whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the minutes of the Company's board and audit committee meetings, inspection of the complaints register, inspection of legal and regulatory correspondence.

FOREIGN CURRENCY EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOREIGN CURRENCY EXCHANGE LIMITED

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:
 - evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud;
 - testing journal entries, including manual journal entries processed at the year-end for financial statements preparation; and
 - challenging the assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation;
 - knowledge of the industry in which the Company operates; and
 - understanding of the legal and regulatory frameworks applicable to the Company.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the rules and interpretative guidance issued by the Financial Conduct Authority.

FOREIGN CURRENCY EXCHANGE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOREIGN CURRENCY EXCHANGE LIMITED

Use of our report

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

Grant Thornton UK LLP

William Pointon
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

Date: 28 April 2023

FOREIGN CURRENCY EXCHANGE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £000	2021 £000
Turnover	4	4,004	3,784
Cost of sales		(2,008)	(1,873)
Gross profit		1,996	1,911
Administrative expenses		(1,360)	(1,484)
Exceptional administrative expenses	5	-	(22)
Operating profit	6	636	405
Interest receivable and similar income	10	6	-
Interest payable and similar expenses	11	(2)	(5)
Profit before tax		640	400
Tax on profit	12	(106)	(81)
Profit for the financial year		534	319

The notes on pages 15 to 46 form part of these financial statements.

FOREIGN CURRENCY EXCHANGE LIMITED
REGISTERED NUMBER:05452483

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	13	-	1
Tangible assets	14	6	29
		<u>6</u>	<u>30</u>
Current assets			
Debtors: amounts falling due after more than one year	15	85	56
Debtors: amounts falling due within one year	15	3,460	1,924
Cash and cash equivalents	16	15,480	16,925
		<u>19,025</u>	<u>18,905</u>
Creditors: amounts falling due within one year	17	(16,538)	(16,726)
Net current assets		<u>2,487</u>	<u>2,179</u>
Total assets less current liabilities		<u>2,493</u>	<u>2,209</u>
Creditors: amounts falling due after more than one year	18	-	(250)
		<u>2,493</u>	<u>1,959</u>
Net assets		<u><u>2,493</u></u>	<u><u>1,959</u></u>
Capital and reserves			
Called up share capital	24	1	1
Profit and loss account	25	2,492	1,958
		<u>2,493</u>	<u>1,959</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 April 2023.

Brett Flowers

B Flowers
 Director

The notes on pages 15 to 46 form part of these financial statements.

FOREIGN CURRENCY EXCHANGE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2022	1	1,958	1,959
Comprehensive income for the year			
Profit for the year	-	534	534
Total comprehensive income for the year	-	534	534
At 31 December 2022	1	2,492	2,493

The notes on pages 15 to 46 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 January 2021	1	1,639	1,640
Comprehensive income for the year			
Profit for the year	-	319	319
Total comprehensive income for the year	-	319	319
At 31 December 2021	1	1,958	1,959

The notes on pages 15 to 46 form part of these financial statements.

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

1. Company information

The Company is a private limited company, limited by shares and is incorporated in England and Wales. The registered office is 4th Floor, 8-10 Moorgate, London, United Kingdom, EC2R 6DA.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, except for the revaluation of financial instruments, and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The financial statements are presented in Sterling (£) and have been presented in round thousands (£'000).

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

As the entity is defined as a financial institution under FRS 101, the entity has complied with the requirements of IFRS 7 Financial Instruments: Disclosures and IFRS 13 Fair Value Measurement.

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital management;
- the effect of future accounting standards not yet adopted;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of IAS 24 Related Party Disclosure to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the disclosure of the remuneration of key management personnel; and
- the requirement to disclose information about leases in a single note. As a result the disclosures required by IFRS 16.53 (a), (b), (g), (h) and (j) are disclosed in note 2.19 and 23.

2.3 Going concern

The directors have presented the financial statements on the going concern basis. The Company meets its day to day working capital requirements through its available cash resources and liquidity. Liquidity of the Company is managed on a group basis and so management have also considered the Group's forecasts and projections in their going concern assessment of the Company, along with sensitivity analysis of foreign currency movement exposures and the Group's covenant requirements of its senior debt facility. Following the acquisition of the Group by FleetCor Technologies, Inc. on 3 January 2023 the obligations of the senior facility agreement in the affiliated company Project Galaxy Bidco Limited have been fully satisfied. Based on the assessment of these risks, the Directors believe the company will be a going concern for the next 12 months from the date of approval of the Directors' reports and financial statements.

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.4 Turnover**

Where the Company enters into a foreign exchange transaction with its clients, the Company also enters into separate contracts with its banking counterparties.

Turnover is recognised on a trade date accounting basis as the difference between the price agreed with the client and the price transacted with the banking counterparties.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

• Fixtures & fittings	-	5 years
• Fixtures & fittings under finance lease	-	4 years
• Office equipment	-	3 years

The assets' residual values, useful lives and depreciation methods are reviewed each reporting date, and if there is an indication of a significant change they are adjusted prospectively.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income within administration expenses.

FOREIGN CURRENCY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined, which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Product development costs and internally developed software

Expenditure on the research phase of projects to develop new products or internally developed software is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Company intends to and has sufficient resources to complete the project
- the Company has the ability to use or sell the software
- the software will generate probable future economic benefits

Directly attributable costs include employee costs, professional fees and costs of testing whether the asset is functioning properly. Development costs not meeting these criteria for capitalisation are expensed as incurred.

Development costs have been capitalised in accordance with IAS 38 Intangible Assets and are therefore not treated, for dividend purposes, as a realised loss.

Subsequent measurement

All finite-life intangible assets, including capitalised internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. Where an indicator of impairment exists they are subject to impairment testing.

The following useful lives are applied:

- | | | |
|------------------------------|---|---------|
| • Software development costs | - | 3 years |
|------------------------------|---|---------|

The amortisation method is deemed the most appropriate reflection of how the economic benefit will flow to the entity. The useful life is deemed to represent the period over which the assets will become technologically obsolescent.

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets, presented under administration expenses within the Statement of Comprehensive Income.

Subsequent expenditure on the maintenance of computer software is expensed as incurred. When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income within other income or other expenses.

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.7 Impairment of assets**

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit (CGU) level. At each reporting date management review for indicators of impairment for any relevant assets or CGU.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss can be reversed if the asset's or cash-generating unit's recoverable amount is equal to or exceeds its carrying amount.

2.8 Debtors

Short term debtors are measured at transaction price. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

The carrying value of short term debtors are deemed to be approximate to their fair value.

2.9 Cash and cash equivalents

Cash is represented by cash in hand, deposits with financial institutions repayable without penalty on notice of not more than 24 hours and highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Cash and cash equivalents held for customers

Cash and cash equivalents held for customers represents cash held to fund customer liabilities and collateral received. These balances have either a regulatory restriction for use in accordance with local legislation or operational restriction as the Company awaits customers' instructions for their use.

The Company maintains a corresponding liability in connection with these amounts that is included in trade creditors in the Balance Sheet.

Collateral cash balances collected from customers can be utilised for the collateral that the Company places with banks.

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.11 Financial Instruments**

Financial assets and financial liabilities are initially measured at fair value.

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL). Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently recognized at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. All changes in an instrument's fair value are included in revenue.

Financial instruments held at FVTPL include foreign currency forward contracts which meet the definition of stand-alone derivatives.

Forward currency contracts are over-the-counter derivatives. The valuation of forward contracts is based on internal models using observable input data and is performed by the Company. The input data includes forward foreign currency rates for currency combinations and expected period to maturity for the open contracts. These instruments are classified as Level 2 financial instruments as required by IFRS 13.

Where deemed appropriate, a number of valuation adjustments are made for additional factors including liquidity and credit risks that are not explicitly captured within the basic valuation approach outlined above.

Credit valuation adjustment (CVA) reflects the credit risk of the counterparties inherent in the valuation of the derivative financial instruments. The amount represents the estimated fair value of protection required to hedge the counterparty credit risk. The CVA takes into account counterparty exposure, applicable collateral arrangements and default probability rates.

All derivative transactions are recognised and derecognised on a trade date basis. Regular way transactions are purchases and sales of financial instruments that require delivery of assets or liabilities within a time frame established by regulation or convention in the marketplace.

Financial assets and liabilities are only offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)
Financial Instruments (continued)
Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current receivable assets are recognised using the simplified approach as required by IFRS 9. A provision matrix is used to determine the lifetime expected credit loss of the assets held at amortised cost. Probability of non-payment and the expected loss arising from default are assessed to determine whether a lifetime expected credit loss should be recognised against the receivable assets. The Company considers a receivable to be in default when the borrower is unable to pay its contractual obligations in full.

For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the 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.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For such assets, where the credit risk has not increased significantly since initial recognition, a twelve-month expected credit loss is recognised. For financial assets where credit risk has increased significantly, a lifetime expected credit loss is recognised.

Evidence that there has been a significant increase in credit risk since initial recognition is observed from verifiable data, indicating significant financial difficulty of the borrower. Significant financial difficulty would include default under a contractual obligation, or when it is probable that the borrower will enter bankruptcy.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the Balance Sheet.

Fair value through profit or loss

This category comprises only in-the-money derivatives. These are carried in the Balance Sheet at fair value with changes in fair value recognised in the Statement of Comprehensive Income.

Financial liabilities

The Company classifies its financial liabilities into one of the categories discussed below, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss

The Company comprises only out-of-the-money derivatives. They are carried in the Balance Sheet at fair value recognised in the Statement of Comprehensive Income.

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**Financial Instruments (continued)****Other financial liabilities**

Other financial liabilities are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Balance Sheet. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value, are subsequently carried at amortised cost using the effective interest method.

2.12 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

The carrying value of short-term creditors are deemed to be approximate to their fair value.

2.13 Foreign currencies**Functional currency and presentation currency**

The financial statements are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position are presented in Sterling (£'000).

Transactions and balances

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

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

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.

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.14 Pensions****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 payments 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 Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Interest income

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

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.17 Taxation**

Tax is recognised in the Statement of Comprehensive Income, except that a change 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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. No deferred tax is recognised on initial recognition of goodwill or on investment in subsidiaries. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full, and are not discounted.

Deferred tax assets are recognised to the extent that it is probably that future taxable profits will be available against which the temporary differences can be utilised.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Statement of Comprehensive Income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

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 tax assets and liabilities related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 Exceptional items

Exceptional items are those items of income and expenditure that by reference to the Company are material in size or unusual in nature or incidence, that in the judgement of the Directors, should be disclosed separately on the face of the financial statements to ensure both that the reader has a proper understanding of the Company's financial performance and that there is comparability of financial performance between periods.

Items of income or expense that are considered by the Directors for designation as exceptional items include, but are not limited to, onerous contracts and impairments of non-current assets.

FOREIGN CURRENCY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.19 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives.

The lease liability is included in 'Creditors' on the Balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate; or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Tangible Fixed Assets' in the Balance sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.7.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.20 Changes in accounting policies

New standards, interpretations and amendments effective for the period ended 31 December 2022

There were no new standards effective for the year ended 31 December 2022 that were relevant to the Company.

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Revenue recognition

The Company recognises a day one gain or loss on matched forward currency contracts. The gain is determined by marking the contracts against the rate secured in the Company's most advantageous market. This market is deemed to be the one with its banking counterparts. Any gain or loss is then adjusted for credit and other exposure risks relating to the financial instruments.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Fair value measurement

Management use valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets.

The Company's foreign currency forward contracts are not traded in active markets. Forward contracts have been fair valued using observable forward exchange rates corresponding to the maturity of the contract.

Allowance for doubtful debts

The Company holds trade and other receivables at the reporting date for amounts due on spot contracts and margin placed at counterparties. Management deem it appropriate to implement the simplified impairment model for these assets and determine impairment based on the Company's historically observed default rates, adjusted for forward-looking information. There have been no material instances in the Company's recent trading history where obligations under spot contracts or counterparty margin have not been fulfilled and there is no forward-looking information to suggest a change in the assets recoverability.

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Turnover

The whole of the turnover is attributable to the one principal activity of the Company.

All turnover arose within the United Kingdom.

5. Exceptional items

	2022	2021
	£000	£000
Overseas Restructuring	-	69
Other	-	(47)
	<u>-</u>	<u>22</u>

Overseas restructuring relates to the establishment of the Company's overseas branches across Cyprus, Spain and the Netherlands. Other exceptional costs relates to system migration corrections of the Company's trading platform.

6. Operating profit

The operating profit is stated after charging:

	2022	2021
	£000	£000
Credit risk adjustment on open forward contracts	(1)	(31)
Depreciation of tangible fixed assets	29	33
Amortisation of intangible assets, including goodwill	1	1
Impairment of financial assets	2	3
Exchange differences	7	(19)
Defined contribution pension cost	<u>20</u>	<u>26</u>

7. Auditor's remuneration

In the current reporting period, Company's audit fees of £46k (2021: £45k) have been borne by Global Reach Partners, an affiliated Company within the Group. Group audit and other fees are disclosed in the consolidated financial statements.

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Employees

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

	2022	2021
	£000	£000
Wages and salaries	1,162	1,151
Social security costs	161	146
Cost of defined contribution scheme	20	26
	<u>1,343</u>	<u>1,323</u>

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

	2022	2021
	No.	No.
Sales staff	21	22
Directors	1	1
	<u>22</u>	<u>23</u>

9. Directors' remuneration

	2022	2021
	£000	£000
Directors' emoluments	316	148
Company contributions to defined contribution pension schemes	5	5
	<u>321</u>	<u>153</u>

N Fullerton, B Flowers, C Richardson and T Watson were remunerated by other entities of the Global Reach Group. Since any qualifying services in respect of the Company are considered to be incidental and part of the directors' overall management responsibility within the Global Reach Group, no amounts are disclosed.

During the period retirement benefits were accruing to 1 director (2021 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £199k (2021 - £153k).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £5k (2021 - £5k).

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Interest receivable

	2022 £000	2021 £000
Other interest receivable	<u>6</u>	<u>-</u>

11. Interest payable and similar expenses

	2022 £000	2021 £000
Finance leases	<u>2</u>	<u>5</u>

12. Taxation

	2022 £000	2021 £000
Corporation tax		
Current tax on profits for the year	106	6
Adjustments in respect of previous periods	(8)	-
	<u>98</u>	<u>6</u>
Total current tax	<u>98</u>	<u>6</u>
Deferred tax		
Origination and reversal of timing differences	14	75
Adjustments in respect of prior periods	(6)	-
Total deferred tax	<u>8</u>	<u>75</u>
Taxation (Credit)/charge on profit on ordinary activities	<u>106</u>	<u>81</u>

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2021 - *higher than*) the standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%). The differences are explained below:

	2022	2021
	£000	£000
Profit on ordinary activities before tax	640	400
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%)	122	76
Effects of:		
Expenses not deductible for tax purposes	1	1
Adjustments to tax charge in respect of prior periods	(9)	(10)
Remeasurement of deferred tax for changes in tax rates	(3)	(3)
Other timing differences leading to an increase (decrease) in taxation	-	17
Non-taxable income	(5)	-
Total tax charge for the year	106	81

Factors that may affect future tax charges

In the Budget 2020, the government announced that the corporation tax main rate for the years starting 1 April 2020 and 2021 would remain at 19%. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19% as previously enacted). This new law was substantively enacted on 24 May 2021. In the Autumn Statement in November 2022, the government confirmed the increase in the corporation tax rate to 25% from April 2023. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

FOREIGN CURRENCY EXCHANGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

13. Intangible assets

	Software Development £000
Cost	
At 1 January 2022	5
At 31 December 2022	5
Amortisation	
At 1 January 2022	4
Charge for the year on owned assets	1
At 31 December 2022	5
Net book value	
At 31 December 2022	-
At 31 December 2021	1

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Tangible fixed assets

	Long-term leasehold property £000	Fixtures & fittings £000	Office equipment £000	Total £000
Cost or valuation				
At 1 January 2022	112	109	157	378
Additions	-	5	-	5
At 31 December 2022	<u>112</u>	<u>114</u>	<u>157</u>	<u>383</u>
Depreciation				
At 1 January 2022	86	107	156	349
Charge for the year on owned assets	-	1	1	2
Charge for the year on right-of-use assets	26	-	-	26
At 31 December 2022	<u>112</u>	<u>108</u>	<u>157</u>	<u>377</u>
Net book value				
At 31 December 2022	<u>-</u>	<u>6</u>	<u>-</u>	<u>6</u>
At 31 December 2021	<u>26</u>	<u>2</u>	<u>1</u>	<u>29</u>

The net book value of owned and leased assets included as "Tangible fixed assets" in the Balance sheet is as follows:

	2022 £000	2021 £000
Tangible fixed assets owned	6	3
Right-of-use tangible fixed assets	-	26
	<u>6</u>	<u>29</u>

Information about right-of-use assets is summarised below:

Net book value

	2022 £000	2021 £000
Property	-	26

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Tangible fixed assets (continued)

Depreciation charge for the year ended

	2022	2021
	£000	£000
Property	26	26
	<u>26</u>	<u>26</u>

15. Debtors

	2022	2021
	£000	£000
Due after more than one year		
Other debtors	8	-
Financial instruments	77	56
	<u>85</u>	<u>56</u>
	<u>85</u>	<u>56</u>

Financial instruments comprise of matched derivatives in relation to open foreign currency forward contracts.

	2022	2021
	£000	£000
Due within one year		
Trade debtors	-	461
Amounts owed by group undertakings	2,578	727
Other debtors	254	357
Prepayments and accrued income	56	51
Deferred taxation	2	10
Financial instruments	570	318
	<u>3,460</u>	<u>1,924</u>
	<u>3,460</u>	<u>1,924</u>

Other Debtors includes variation margin held at our banking counterparties.

Financial instruments comprise of matched derivatives in relation to open foreign currency forward contracts.

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

15. Debtors (continued)

Impairments losses have been recognised on assets arising from the Company's contracts with customers as follows:

	2022	2021
	£000	£000
Trade debtors	-	461
	<u> </u>	<u> </u>
	2022	2021
	£000	£000
Allowance for doubtful debts		
At 1 January	-	-
Increase in allowance recognised in the statement of comprehensive income	2	3
Amounts written off during the year	(2)	(3)
	<u> </u>	<u> </u>
At 31 December	<u> </u>	<u> </u>

The Company applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected credit loss provision for trade and other receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. Expected credit losses are assessed by considering both qualitative and quantitative information including financial performance indicators of clients, as well as external market trends.

During the year, a provision was recognised for £2k, (2021: £3k) with £2k (2021: £3k) of this being written off as management determined that the balances were no longer recoverable.

The derivative financial assets of the Company held at fair value through the profit or loss are outside the scope of the expected loss impairment model. The Company recognises a credit valuation adjustment in respect of the expected default of their derivative assets.

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Cash and cash equivalents

	2022	2021
	£000	£000
Cash and cash equivalents held for customers	14,068	14,756
Cash and cash equivalents	1,412	2,169
	<u>15,480</u>	<u>16,925</u>

Cash and cash equivalents held for customers represents cash held to fund customer liabilities and collateral received. These balances have either a regulatory restriction for use in accordance with local legislation or operational restriction as the Company awaits customers' instructions for their use.

The Company maintains a corresponding liability in connection with these amounts that is included in creditors in the balance sheet.

Collateral cash balances collected from customers are utilised for the collateral that the Company places with banks.

17. Creditors: Amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	10,623	7,889
Corporation tax	98	-
Other taxation and social security	18	26
Lease liabilities	-	37
Other creditors	5,164	8,345
Accruals and deferred income	153	212
Financial instruments	482	217
	<u>16,538</u>	<u>16,726</u>

Trade Creditors and Other Creditors includes client cash held on account. Other creditors also includes collateral requested from clients including initial deposits and margin held for where there has been significant market movement. Further information is disclosed in note 20.

Financial instruments comprise of matched derivatives in relation to open foreign currency forward contracts.

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

18. Creditors: Amounts falling due after more than one year

	2022	2021
	£000	£000
Other creditors	-	212
Financial instruments	-	38
	<u>-</u>	<u>250</u>
	<u>-</u>	<u>250</u>

Trade Creditors and Other Creditors includes client cash held on account. Other creditors also includes collateral requested from clients including initial deposits and margin held for where there has been significant market movement. Further information is disclosed in note 20.

Financial instruments comprise of matched derivatives in relation to open foreign currency forward contracts.

19. Financial instruments

	2022	2021
	£000	£000
Financial assets		
Financial assets measured at fair value through profit or loss	647	374
Financial assets that are debt instruments measured at amortised cost	18,376	18,521
	<u>19,023</u>	<u>18,895</u>
	<u>19,023</u>	<u>18,895</u>
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss	(482)	(255)
Financial liabilities measured at amortised cost	(15,940)	(16,695)
	<u>(16,422)</u>	<u>(16,950)</u>
	<u>(16,422)</u>	<u>(16,950)</u>

Financial assets measured at fair value through profit or loss comprise of matched derivatives in relation to open foreign currency forward contracts. The fair value of these financial instruments has been derived from transactions in the Company's principal or most advantageous market. For the Company this market is the one with its broker.

Financial assets measured at amortised cost comprise cash and cash equivalents, trade debtors, other debtors, prepayments, amounts owed by group undertakings and the lease receivable debtor. Tax debtors are not included.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, lease liabilities and accruals. Tax liabilities are not included.

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Financial risk management and objectives

The Company's financial instruments comprise foreign currency forward and spot contracts, cash at bank and in hand, and various receivables and payables that arise directly from its operations.

Market risk

Market risk is the risk that the value of an investment or other assets decreases or the value of liabilities increases due to moves in market factors. Typical market factors considered in this context are interest rates and foreign exchange ("FX") rates. The Company adopts the matching principal on all foreign currency trades, therefore is not exposed to net market risk.

Nonetheless, daily client monitoring is undertaken with margin calls made to reflect market movements affecting client positions. The Company's clients sign a terms and conditions agreement, in which under certain circumstances or in adverse market conditions the Company retains the right to close out client positions.

Interest rate risk

The Company has financed its operations principally through the issue of the share capital. Where necessary the Company considers the use of derivative instruments to manage its exposure to interest rate fluctuations. There are no such instruments in place at the balance sheet date.

Credit risk

Credit risk is mitigated by the Company's underwriting and credit assessment process. The credit assessment process mitigates client credit risk by setting appropriate client collateral terms including initial deposit and variation margin requirements following significant market movements. All material credit exposures require approval from the company credit risk team, Chief Financial Officer or board in accordance with delegated approval authorities and credit exposures are monitored daily.

Counterparty credit risk is mitigated by the Company's underwriting and credit assessment process. The Company manages the credit risk arising from institutional counterparties by spreading credit risk across a number of different institutions to diversify risk where necessary.

The carrying amount of financial assets recognised in the balance sheet represents the Company's maximum exposure to credit risk at the reporting date.

The Company may in certain cases re-pledge cash collateral received from its customers for future contracts on a rolling basis. The fair value of collateral approximates its carrying value.

The Company hedges the market risk with institutional counterparties or its affiliated company Global Reach Partners Ltd. Trades conducted with the affiliated company are then matched with an institutional counterparty trade in that entity. Company policies restrict the counterparties with which derivative transactions can be contracted and funds may be deposited with those approved by the treasury team and the Board, comprising affiliated group entities, banks and financial institutions. The treasury team ensures that exposure is spread across the number of approved financial institutions. The Group and Company manages the credit risk arising from counterparties by using a number of institutions and through the use of two way margining facilities.

There is no significant concentration of credit risk with respect to trade receivables as the Company has a large number of customers.

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Financial risk management and objectives (continued)

Credit risk (continued)

Company policies are aimed at reducing the impact of losses as a result of credit events, and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to reduce the Company's potential exposure to bad debts.

The credit quality of all financial assets that are neither past due nor impaired is appropriate and is constantly monitored. Credit risk relating to customer contracts is monitored on a daily basis and additional collateral is sought if appropriate through variation margin calls.

At the reporting date, the Company does not have any financial assets that are past due and not impaired and as such no expected credit losses have been recognised on the outstanding receivables at the reporting date. Cash at bank balances are neither past due nor impaired and are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

Liquidity risk is defined as the risk that the Company, although solvent, either does or does not have sufficient available resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost. The Company's exposure to liquidity risk arises daily from bank demands to meet margin calls and from mismatches of the maturities of financial assets and liabilities.

The Company's policy on liquidity risk management is to maintain sufficient cash and available funding. Cash balances and forecast cash movements are reviewed on a regular basis to ensure that the Company maintains adequate working capital.

The maturity profile of the Company's financial liabilities is closely matched by the maturity profile of its financial assets. To manage its liquidity the Company normally requires payment of trades with customers in advance of settling trades with the banks. The liquidity risk is also mitigated by the collection of client collateral for significant market moves.

The maturity profile of the Company's financial assets and liabilities at the year end is set out below.

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Financial risk management and objectives (continued)

	Total £000	Within 3 months £000	Between 3 to 6 months £000	Between 6 to 12 months £000	Greater than 1 year £000
Assets at 31 December 2022					
Derivative financial instruments	647	135	21	414	77
Cash and cash equivalents	1,412	1,412	-	-	-
Cash and cash equivalents held for customers	14,068	14,068	-	-	-
Trade and other receivables	2,896	2,662	7	219	8
	<u>19,023</u>	<u>18,277</u>	<u>28</u>	<u>633</u>	<u>85</u>
Liabilities at 31 December 2022					
Derivative financial instruments	482	87	17	378	-
Trade and other payables	15,940	15,065	29	846	-
	<u>16,422</u>	<u>15,152</u>	<u>46</u>	<u>1,224</u>	<u>-</u>

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Financial risk management and objectives (continued)

	<i>Total</i> <i>£000</i>	<i>Within 3</i> <i>months</i> <i>£000</i>	<i>Between 3 to</i> <i>6 months</i> <i>£000</i>	<i>Between 6 to</i> <i>12 months</i> <i>£000</i>	<i>Greater than</i> <i>1 year</i> <i>£000</i>
Assets at 31 December 2021					
Derivative financial instruments	374	236	40	42	56
Cash and cash equivalents	2,169	2,169	-	-	-
Cash and cash equivalents held for customers	14,756	14,756	-	-	-
Trade and other receivables	1,596	1,596	-	-	-
	<u>18,895</u>	<u>18,757</u>	<u>40</u>	<u>42</u>	<u>56</u>
Liabilities at 31 December 2021					
Derivative financial instruments	(255)	(174)	(27)	(16)	(38)
Trade and other payables	(16,695)	(16,321)	(95)	(67)	(212)
	<u>(16,950)</u>	<u>(16,495)</u>	<u>(122)</u>	<u>(83)</u>	<u>(250)</u>

Foreign currency risk

Currency risk arises from the change in currency rates (against the functional currency) and concerns open positions in foreign currencies or derivatives. Currently the Company hedges foreign exchange risks in FX derivatives with its institutional or internal counterparties. Foreign currency exchange risk is therefore limited to the currency in which revenue is generated. The foreign currency exchange risk from these positions is not significant.

This risk is captured through the stress-testing process through which the Company ensures it has sufficient capital to survive a market stress.

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

21. Financial instruments held at fair value

Financial assets and financial liabilities measured at fair value through profit and loss (FVTPL) comprises of matched derivatives in relation to open currency forward contracts.

The information below sets out the valuation of the derivative assets as well as the methodology used to establish their fair values.

Fair value estimation**Recurring fair value measurement**

In accordance with IFRS 13 the Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The Company utilises valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market.

All of the Company's derivative financial instruments are forward contracts which are Level 2 in the fair value hierarchy. There have been no transfers between levels in the year to 31 December 2022 (2021: none).

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

22. Deferred taxation

	2022 £000	2021 £000
At beginning of period	10	85
Credited to profit or loss	(8)	(75)
At end of period	2	10

The deferred tax asset is made up as follows:

	2022 £000	2021 £000
Accelerated capital allowances	2	(3)
Tax losses carried forward	-	13
	2	10

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

23. Leases**Company as a lessee**

The Company leased one office premises during the year which came to an end in November 2022. A new lease was entered into at the same premises from 15th November 2022 to 14th November 2023. As the lease term is only 12 months, this has been accounted for as a short term lease, with the lease payments recognised as an operating expense on a straight-line basis. No expense has been recognised in the current year. The total expense to be recognised in the year ending 31 December 2023 will be £17,400.

Lease liabilities are due as follows:

	2022 £000	2021 £000
Due within one year	-	37
	<u> </u>	<u> </u>

Contractual undiscounted cash flows are due as follows:

	2022 £000	2021 £000
Not later than one year	-	39
	<u> </u>	<u> </u>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2022 £000	2021 £000
Interest expense on lease liabilities	2	5
Depreciation expense on lease right-of-use assets	26	26
	<u> </u>	<u> </u>

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

24. Share capital

	2022	2021
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
1,000 (2021 - 1,000) Share Capital shares of £1 each	<u>1,000</u>	<u>1,000</u>
	2022	2021
	£	£
Shares classified as debt		
Allotted, called up and fully paid		
100 (2021 - 100) Preference shares of £1 each	<u>100</u>	<u>100</u>

25. Reserves

Profit & loss account

Includes all current and prior period retained profits and losses.

26. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £20k (2021 - £26k). At 31 December 2022 the amount owed to the pension fund was £nil (2021 - £nil).

27. Capital Risk Management

The Company manages its capital through ongoing reviews of working capital and continuous monitoring of client trading and margin requirements to ensure the Company has sufficient funds in place moving forward to meet payment requirements and regulated minimal capital requirements, as necessary.

Management monitor projected trading cashflows and establish capital requirements well in advance of the date required.

The Company defines capital as including share capital classified as equity and audited retained earnings.

The directors are fully satisfied that the capital management procedures are appropriately implemented and that controls are operating effectively.

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

28. Guarantees and other financial commitments

As at 31 December 2022 Ares Management Limited had taken a charge over the assets of all the entities within the group. This charge was satisfied following the repayment of the senior debt facility on 3 January 2023.

29. Related party transactions

As permitted by FRS 101 related party transactions with wholly owned members of the Group have not been disclosed.

The following balances were owed by related parties at the end of the reporting period:

	2022	2021
	£000	£000
Project Galaxy Bidco Limited	2,578	273
Global Reach FX BV	-	17
Global Reach Partners Ltd	-	438
	<u> </u>	<u> </u>

30. Controlling party

As at 31 December 2022 the immediate parent undertaking is Project Galaxy Bidco Limited. The ultimate holding company of the Group is Global Reach Group Holdings (Jersey) Limited. During the year the ultimate controlling parties are Inflexion Buyout Fund IV (No 1) Limited Partnership and Inflexion Buyout Fund IV (No 2) Limited Partnership. The two funds are managed by Inflexion Buyout Fund General Partner Guernsey Limited.

On 3 January 2023, FleetCor Technologies, Inc. acquired the entire share capital of Global Reach Group Holdings (Jersey) Limited, of which this company is an indirect subsidiary. Following the acquisition, the ultimate holding company of the Group is FleetCor Technologies, Inc.

The largest and smallest group in which the results of the Company are consolidated is that headed by the ultimate parent company Global Reach Group Holdings (Jersey) Limited. The consolidated accounts of Global Reach Group Holdings (Jersey) Limited are available from the address as stated under the general information above (note 1).

FOREIGN CURRENCY EXCHANGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

31. Adjusted EBITDA

The company's adjusted EBITDA is calculated as follows:

	2022	2021
	£000	£000
Operating profit	636	405
Depreciation of tangible assets	29	33
Amortisation of intangible assets	1	1
Exceptional costs	-	22
CVA-DVA adjustment	(1)	(31)
Adjusted EBITDA profit	665	430

32. Post Balance Sheet Events

On 3 January 2023, FleetCor Technologies, Inc. acquired the entire share capital of Global Reach Group Holdings (Jersey) Limited, of which this company is an indirect subsidiary. Following the acquisition, the ultimate holding company of the Group is FleetCor Technologies, Inc.