

(D) Interim Financial Information

Interim condensed consolidated statement of profit or loss and other comprehensive income for the 3 months ended 31 March 2023

		3 months ended 31 March	
	Note	2022	2023
		£'000	£'000
Continuing operations			
Interest income			
- interest income calculated using Effective Interest Rate (EIR)	4	1,384	11,357
- other interest and similar income	4	4	90
Interest expense	4	(290)	(6,033)
Net interest income		1,098	5,414
Gains on Money Market Funds		33	1,907
Net (loss)/ gain on financial assets mandatorily held at fair value through profit or loss		(100)	568
Fees and commission income	5	3,399	3,517
Net foreign exchange gain	6	12,414	29,854
Revenue, net of interest expense		16,844	41,260
Other operating (loss) / income		-	-
Total income, net of interest expense		16,844	41,260
Operating expenses		(12,368)	(22,561)
- Recurring	7	(12,368)	(16,342)
- Non-recurring	7	-	(6,219)
Impairment loss on financial asset at amortised cost		(85)	(46)
Profit before taxation		4,391	18,653
Tax expense	8	(951)	(4,514)
Profit for the period from continuing operations		3,440	14,139
Total profit attributable to:			
Profit for the period attributable to:			
- Owners of the parent		3,218	13,165
- Non-controlling interests		222	974
		3,440	14,139
Other comprehensive income for the period:			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange gains/ (losses) on translation of foreign operations		60	(64)
Other comprehensive income for the period net of tax		60	(64)
Total comprehensive income for the period		3,500	14,075
Total comprehensive income attributable to:			
- Owners of the parent		3,274	13,105
- Non-controlling interests		226	970
		3,500	14,075

Interim condensed consolidated statement of financial position as at 31 March 2023

	Note	As at 31 December 2022 £'000	As at 31 March 2023 £'000
Assets			
Cash and balances at central banks	9	607,358	661,598
Money market funds	19	209,486	103,281
Loans and advances on demand to banks	10	90,209	81,314
Other loans and advances to banks	10	93,164	77,539
Loans and advances to customers	10	4,748	4,508
Derivative financial assets	11	6,590	10,180
Unsettled transactions	13	12,960	21,732
Accrued income	19	856	815
Investment in debt securities	12	414,061	480,786
Investment in equity securities	19	488	484
Other assets	13	19,537	9,779
Property, plant and equipment	14	1,579	1,451
Right of use assets		1,134	1,024
Intangible assets	15	22,624	22,385
Total assets		1,484,794	1,476,876
Liabilities			
Customer accounts	19	1,307,698	1,283,770
Derivative financial liabilities	11	4,565	17,689
Unsettled transactions	16	25,782	20,706
Other liabilities	16	11,518	7,893
Provisions		79	7
Lease liabilities		1,281	1,122
Deferred tax liability		316	230
Accruals	16	19,364	17,039
Total liabilities		1,370,603	1,348,456
Equity			
Called up share capital	17	68,010	68,010
Retained earnings		40,299	53,557
Investment revaluation reserve		97	97
Other reserves		(1,870)	(1,870)
Foreign currency translation reserve		(31)	(91)
Equity attributable to owners of the parent		106,505	119,703
Non-controlling interests		7,686	8,717
Shareholders' funds		114,191	128,420
Total Equity and Liabilities		1,484,794	1,476,876

Interim condensed consolidated statement of changes in equity for the 3 months ended 31 March 2023

	Attributable To Equity Holders of The Company							Total Shareholders' Funds
	Share Capital	Retained Earnings	Other Reserves	Investment revaluation reserve	Foreign currency translation reserve	Total	Non-Controlling Interest (NCI)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
At 1 January 2022	68,010	8,870	(2,270)	30	(142)	74,498	5,230	79,728
Profit for the period	-	3,218	-	-	-	3,218	222	3,440
Other comprehensive income								
Foreign exchange gains / (losses) on translation of foreign operations	-	-	-	-	56	56	4	60
Other comprehensive income/ (loss)	-	-	-	-	56	56	4	60
Total comprehensive income/ (loss)		3,218	-	-	56	3,274	226	3,500
Transactions with owners in their capacity as owners:								
Share based payment reserve	-	97	-	-	-	97	-	97
Other movements in reserves	-	93	-	-	-	93	19	112
Other movements in retained earnings	-	(2)	-	-	-	(2)	3	1
Total	-	188	-	-	-	188	22	210
At 31 March 2022	68,010	12,276	(2,270)	30	(85)	77,960	5,478	83,438
At 1 January 2023	68,010	40,299	(1,870)	97	(31)	106,505	7,686	114,190
Profit for the period	-	13,165	-	-	-	13,165	974	14,139
Other comprehensive income								
Foreign exchange gains / (losses) on translation of foreign operations	-	-	-	-	(60)	(60)	(4)	(64)
Other comprehensive income/ (loss)	-	-	-	-	(60)	(60)	(4)	(64)
Total comprehensive income/ (loss)	-	13,165	-	-	(60)	13,105	970	14,075
Transactions with owners in their capacity as owners:								
Share based payment reserve	-	97	-	-	-	97	-	97
Other movements in reserves	-	25	-	-	-	25	32	57
Other movements in retained earnings	-	(29)	-	-	-	(29)	29	-
Total	-	93	-	-	-	93	61	154
At 31 March 2023	68,010	53,557	(1,870)	97	(91)	119,703	8,717	128,420

Interim condensed consolidated statement of cash flows for the 3 months ended 31 March 2023

	Note	3 months ended 31 March	
		2022 £'000	2023 £'000
Net cash outflow from operating activities	18	(179,979)	(61,090)
Tax paid		-	(6,310)
Payments for interest on lease liabilities		(5)	(18)
Net cash used in operating activities		(179,984)	(67,418)
Cash flow from investing activities			
Purchase of property, plant and equipment		(57)	(86)
Purchase of intangible assets		(811)	(934)
Net cash used in investing activities		(868)	(1,020)
Cash flow from financing activities			
Repayment of principal portion of the lease liability		(84)	(177)
Increase in overdraft accounts		5	-
Net cash outflow from financing activities		(79)	(177)
Decrease in cash and cash equivalents		(180,931)	(68,615)
Cash and cash equivalents at the beginning of the period		1,120,109	907,053
- Cash and balances at central banks		676,492	607,358
- Money market funds		336,737	209,486
- Loans and advances on demand to banks		106,880	90,209
Exchange gains on cash and cash equivalents		39,943	7,755
Cash and cash equivalents at the end of the period	9	979,121	846,193
- Cash and balances at central banks		670,550	661,598
- Money market funds		221,024	103,281
- Loans and advances on demand to banks		87,547	81,314

Notes to the interim condensed consolidated financial information for the 3 months ended 31 March 2023

1. SUMMARY OF STATEMENT OF ACCOUNTING POLICIES

(a) General Information

On 6 March 2023 the company changed its name to CAB Payments Holdings Limited from CABIM Limited in order to align with its strategic objectives.

CAB Payments Holdings Limited is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS.

The Company and its subsidiaries (excluding those set out in Note 1(b) below) (the "Group") provide regulated banking services that connect emerging and frontier markets to the rest of the world, using FX and payments technology.

(b) Basis of Preparation

The Interim Financial Information comprises the interim condensed consolidated statements of profit or loss and other comprehensive income, interim condensed consolidated statement of financial position, interim condensed consolidated statement of changes in equity, interim condensed consolidated statement of cash flows and notes of the Group for the 3 months ended 31 March 2023 ("Interim Financial Information").

The Interim Financial Information has been prepared specifically for the purposes of this document and does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006.

The Interim Financial Information for 3 months period ended 31 March 2023 has been prepared in accordance with the requirements of the UK Prospectus Regulation, the Listing Rules and in accordance with this basis of preparation.

The Interim Financial Information should be read in conjunction with the Consolidated Historical Financial Information for the three years ended 31 December 2022 from which the comparative information as at 31 December 2022 has been derived. The 31 March 2022 comparative information has not been audited or reviewed by the auditor.

The Interim Financial Information has been prepared on a going concern basis. In assessing going concern, the Directors take into account all factors likely to affect the future performance and financial position, including the Group's cash flows, solvency and liquidity positions and all the risks and uncertainties relating to business activities.

In making this assessment, the key factors considered by the Directors were:

- (a) Uncertainty inherent in future financial forecasts, projections of working capital requirements and short-term working capital management requirements; and
- (b) The impact of the competitive environment within which the Group's business operate.

Having considered all the factors above impacting the Group's business, including downside sensitivities, the Directors are satisfied that the Group has adequate resources to continue its operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing its Interim Financial Information.

The results for the period of ownership of the investments listed below have not been included in the Interim Financial Information because these entities and investments will not be part of the Group at the date of the initial public offering. Therefore in accordance with accounting conventions commonly used for the preparation of Interim Financial Information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Investment Reporting Standard applicable to public reporting engagements on Interim Financial Information) issued by the Financial Reporting Council they have been carved out from the Interim Financial Information because the Directors believe it provides more meaningful financial information to investors on the consolidated historical financial performance of the on-going Group. The exclusion of these investments has been recorded as an Other Reserves in the interim condensed consolidated statement of changes in equity. The specific investments excluded are listed below:

- (a) Crown Agents Investment Management Limited (referred to as 'CAIM') was controlled by the Group until 31 March 2023. The company reported a gain on disposal of £55,179 on completion of the disposal of CAIM. The Interim Financial Information excludes the results of CAIM for all periods prior to its sale.
- (b) JCF Nominees Limited (referred to as 'JCF') was controlled by the Group until 31 March 2023. The Interim Financial Information excludes the results of JCF for all periods prior to its sale.

With the exception of the requirements of IFRS 10 Consolidated Financial Statements in relation to the non-

consolidation of CAIM and JCF, as referred to above, the accounting policies adopted are those to be applied in the next statutory financial statements for the year ending 31 December 2023 (being prepared in accordance with UK-adopted IFRS). The accounting policies and presentation applied by the Group are consistent with those applied in the Consolidated Historical Financial Information.

The Interim Financial Information is presented in British Pound Sterling ("GBP"), all values are rounded to the nearest thousand (GBP £'000), except when otherwise indicated.

(c) Going concern

The Directors have considered the financial position of the Group, including the net asset position, regulatory capital requirements and estimated future cash flows and have concluded that the Group will be able to meet its obligations for at least a period of 12 months from the date of this document. Furthermore, the Directors are of the view that:

- (a) there are no material uncertainties relating to events or conditions that cast significant doubt on the Group's ability to continue as a going concern;
- (b) there are no significant judgements made by management in determining whether or not the adoption of the going concern is appropriate; and
- (c) there are no material uncertainties to disclose in respect of going concern.

(d) New and revised IFRS accounting standards in issue but not yet effective

At the date of authorisation of the Interim Financial Information the Group has not applied the following new and revised IFRS that have been issued but are not yet effective.

Amendments to IAS 1

Classification of Liabilities as Current or Non-current
effective 1 January 2024

The directors do not expect that the revision of the Standard listed above will have a material impact on the Interim Financial Information of the Group in future periods.

2. CRITICAL JUDGEMENTS AND ESTIMATES IN APPLYING THE ACCOUNTING POLICY

In preparing the Interim Financial Information, management has made judgements and estimates that affect the application of accounting policies and the reported figures. Management assessed that there were no material changes in the current period to the critical accounting estimates and judgements, as disclosed in note 3 in the Consolidated Historical Financial Information.

3. SEGMENT REPORTING

The Group provides Foreign Exchange Transaction (FX) and payments services to OECD organisations, by selling over 100 currencies over the period, through buying currencies from Liquidity Providers in those regions.

Operating Segments are determined by the Group's internal reporting to the Chief Operating Decision Maker (CODM). The CODM has been determined to be the Group's Executive Committee. The information regularly reported to the executive committee for the purposes of resource allocation and the assessment of performance, is based wholly on the overall activities of the Group. Based on the Group's business model, the Group has determined that it has only one reportable segment.

The CODM assess the profitability of the segment based on a measure of adjusted EBITDA.

All revenue from external customers is generated through the UK and on that basis is wholly attributable to the UK and all non-current assets, other than financial instruments and deferred tax assets, are located in the UK.

Income

The Group derives its income from the provision of the following services:

	3 months ended 31 March	
	2022 £'000	2023 £'000
Continuing operations Revenue by Product Type:		
FX Revenue	9,090	24,187
Payments Revenue	6,600	9,066
Banking Services	1,154	8,007
Total Income, net of interest expense	16,844	41,260
Other comprehensive income for the period:		
Foreign exchange gains/ (losses) on translation of foreign operations	60	(64)
Sub total	16,904	41,196
Less Clearing costs	(433)	(464)
Less Other costs of sales	(33)	-
Net Revenue, net of interest expense	16,438	40,732

Segment Reporting

FX total income: The Group's FX revenue is derived from the difference between the exchange rate the Group makes available to its customers and the rate that it receives from one or more liquidity providers from whom it sources the relevant currency. Revenue categorized as FX is from customers with a need to exchange a bulk amount from one currency for another without onward payment to another party.

Payments total income: The Group's Payments revenue include cross currency payments, same currency payments (corresponding activity income, and account management fees), pension payments and platform revenue. Cross currency payments comprise margin derived from bid-ask spreads on foreign currency conversion and fees paid by customers to transfer money from one country to another to third parties.

Same currency relates to payment services provided for payments transacted without an exchange of foreign exchange, largely relating to major market currency clearing, and includes fees for account management activities and payments execution. Pension payments fees relate to amounts earned on processing of pension scheme foreign exchange payments. Platform revenue relates to recurring fixed fees rather than fees earned on transaction volumes.

Banking Services: The Group also generates income from trade finance, liquidity services (including trade finance and letters of credit), and risk management consulting fees. As a licensed bank, the Group takes customer funds earmarked for other needs as customer deposits, and makes short-term investment in the money market to generate net interest income.

Profitability

The Group measures profitability for the reporting segment on an Adjusted EBITDA. Adjusted EBITDA is used as a key profit measure because it shows the results of normal, core operations exclusive of income or charges that are not considered to represent the underlying operational performance. Adjusted EBITDA is useful as a measure of comparative operating performance between both previous periods, and other companies as it is removes the effect of taxation, depreciation and amortisation, and non-recurring operating expenses, as well as items relating to capital structure.

	3 months ended 31 March	
	2022 £'000	2023 £'000
Profit for the financial period from continuing operations	3,440	14,139
Adjusted for:		
Income tax expense (Note 8)	951	4,514
Amortisation (Note 7)	1,438	1,167
Depreciation (Note 7)	290	324
Non - recurring operating expenses (Note 7)	-	6,219
Adjusted EBITDA*	6,119	26,363

*Adjusted EBITDA – Earnings before Interest (but including net interest income – see note 4), Tax, Depreciation and Amortisation and non-

recurring operating expense

4. NET INTEREST INCOME

INTEREST INCOME

	3 months ended 31 March	
	2022	2023
	£'000	£'000
Interest on cash and balances at central banks	735	6,470
Interest on loans and advances	476	1,186
Interest on investment in debt securities	173	3,701
Total interest income calculated using EIR	1,384	11,357

Other interest income and similar income	4	90
Total other interest and similar income	4	90

INTEREST EXPENSE

Financial liabilities measured at amortised cost	(287)	(5,990)
Interest expense on lease liabilities	(3)	(17)
Other interest expense	-	(26)
Total interest expense	(290)	(6,033)

TOTAL NET INTEREST INCOME	1,098	5,414
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5. FEES AND COMMISSION INCOME

	3 months ended 31 March	
	2022	2023
	£'000	£'000
Fees and commission income:		
Account management and payments	2,699	2,857
Pension payment fees	269	268
Trade finance	123	118
Electronic platform fees	273	178
Risk assessment services	34	96
Total fees and commission income	3,399	3,517

6. NET FOREIGN EXCHANGE GAIN

	3 months ended 31 March	
	2022	2023
	£'000	£'000
Profit on settlement of foreign exchange contracts, fair value gains on derivatives*, and remeasurement of non-sterling balances	9,090	24,124
Foreign exchange gains on payment transaction revenue	3,324	5,730
Total	12,414	29,854

*Foreign exchange derivative financial instruments are mandatorily held at fair value through profit or loss.

7. OPERATING EXPENSES

	3 months ended 31 March	
	2022 £'000	2023 £'000
Staff costs and directors' emoluments		
Salaries and bonuses	5,708	8,123
Share based payments	97	97
Social security costs	494	936
Pension costs	305	472
Total staff costs and directors' emoluments	6,604	9,628
Clearing costs	433	464
Depreciation and amortisation:		
Amortisation of intangible assets	1,468	1,167
Depreciation of property, plant and equipment	214	214
Depreciation charge for right-of-use assets	76	110
Total depreciation and amortisation	1,758	1,491
Other operating expenses*	3,573	4,759
Total recurring operating expenses	12,368	16,342
Non-recurring operating expenses**	-	6,219
Total operating expense	12,368	22,561
Non-recurring operating expenses disaggregate as follows:		
Professional costs regarding review of strategic options	-	6,219
Total Non-recurring operating expenses	-	6,219

* Other operating expenses includes bank charges, software license, and other software services.

** Non-recurring operating expenses consist of material non-recurring items that are considered exceptional in nature by virtue of their size and/or incidence and as a result of arising outside of the normal trading of the Group.

The monthly average number of full-time equivalent staff employed within the Group, including executive directors, was 298 in the 3 months ended 31 March 2023 (3 months ended 31 March 2022: 213).

8. TAX EXPENSE

Analysis of Tax Charge for the Period

	3 months ended 31 March	
	2022 £'000	2023 £'000
Current tax		
Corporation tax based on the taxable profit for the period	951	4,639
Total current income tax for the period	951	4,639
Deferred tax		
Deferred tax credit in profit or loss	-	(125)
Total tax expense in statement of profit or loss	951	4,514
Deferred tax recognised in other comprehensive income	-	-
Total tax charge for the period	951	4,514

Income tax expense for the current period is calculated representing the best estimate of the annual effective tax rate expected for the full year by geographical unit applied to the pre-tax income of the three month period, which is then adjusted for tax on non-recurring costs.

The effective tax rate for the 3 months ended 31 March 2023 is 23.3% (3 months ended 31 March 2022: 21.7%).

The Finance Act 2021 enacted that from 1 April 2023 the main corporation tax rate will increase to 25% (19%

previously). In addition, there is a permanent difference due to banking surcharge levy of 3% (8% previously) in relation to taxable profits of banks in excess of £100 million (£25 million previously) from 1 April 2023. The effects of this increase are reflected in the Interim Financial Information. The figures above incorporate the increased tax rate in respect of timing differences expected to reverse after that date.

9. CASH AND BALANCES AT CENTRAL BANKS

	As at 31 December 2022 £'000	As at 31 March 2023 £'000
Cash and balances at central banks *	607,358	661,598
Less: Impairment loss allowance	-	-
Cash and cash equivalent balances	607,358	661,598

Reconciliation to interim condensed consolidated statement of cash flows

The cash and balances at central banks included in the interim condensed consolidated statement of cash flows are presented as follows:

	As at 31 March 2022 £'000	As at 31 March 2023 £'000
Cash and balances at central banks	670,550	661,598
Loans and advances on demand to banks (Note 10)	87,547	81,314
Money market funds**	221,024	103,281
Cash and cash equivalents per interim condensed consolidated statement of cash flows	979,121	846,193

*There are no restricted cash and balances at central banks.

Cash and balances at central banks and Loans and advances on demand to banks are measured at amortised cost as they meet the Solely Payments of Principal and Interest 'SPPI' criterion and are held to collect the contractual cashflows.

**Money market funds are measured at fair value through profit or loss as they are held for sale and do not meet the hold to collect business model. The funds are all rated AAA based on a basket of credit ratings agencies, all approved by the Financial Conduct Authority.

The carrying amount of these assets is approximately equal to their fair value.

10. LOANS AND ADVANCES ON DEMAND TO BANKS

These are measured at amortised cost as they meet the SPPI criterion and are held to collect the contractual cashflows:

	As at 31 December 2022 £'000	As at 31 March 2023 £'000
Loans and advances		
Loans and advances on demand to banks	90,255	81,358
Other loans and advances to the banks	93,215	77,590
Loans and advances to customers	4,948	4,508
Total	188,418	163,456
Less: Impairment loss allowance		
Loans and advances on demand to banks	(46)	(44)
Other loans and advances to the banks	(51)	(51)
Loans and advances to customers	(200)	-
Total	(297)	(95)

	As at 31 December 2022 £'000	As at 31 March 2023 £'000
Net Loans and advances on demand to banks	90,209	81,314
Net Other loans and advances to the banks	93,164	77,539
Net Loans and advances to customers	4,748	4,508
Net loans and advances	188,121	163,361

Component of loans and advances included in interim condensed consolidated statement of cash flows under:

	As at 31 March 2022 £'000	As at 31 March 2023 £'000
Cash and cash equivalents	87,547	81,314
Total	87,547	81,314

There are no (At 31 December 2022: £nil) amounts included in Loans and advances on demand to banks outstanding as at 31 March 2023 that are overdue.

The Group's Loans and Advances on Demand to Banks include £9,649k of encumbered assets (At 31 December 2022: £1,827k) in relation to derivative contracts with other financial institutions.

11. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 March the derivative assets and liabilities are set out below, these are held to manage foreign currency exposure and are not designated in hedge accounting relationships for risk management purposes:

Foreign Exchange Forwards:	Notional Principal £'000	Assets £'000	Liabilities £'000
As at 31 December 2022	714,810	6,590	4,565
As at 31 March 2023	739,036	10,180	17,698

The forward foreign exchange contracts have been transacted to economically hedge assets and liabilities in foreign currencies. The net unrealised loss at the statement of financial position date is £7,509k (At 31 December 2022: unrealised gain £2,024k). These derivative financial instruments and the underlying transactions they hedge will mature during 2024 (31 December 2022: mature during 2023)

The fair value of a derivative contract represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

12. INVESTMENT IN DEBT SECURITIES

The Group's investment in debt securities consist of fixed rate bonds issued (or guaranteed) by central and private banks. These are measured at amortised costs as they meet the SPPI criterion and are held to collect the contractual cashflows.

	As at 31 December 2022 £'000	As at 31 March 2023 £'000
Investment in debt securities at amortised costs	414,074	480,799
Less: Impairment loss allowance	(13)	(13)
	414,061	480,786

13. OTHER ASSETS AND UNSETTLED TRANSACTIONS

	As at 31 December 2022 £'000	As at 31 March 2023 £'000
Financial assets:		
Staff loans	544	546
Balances with mobile network operators*	3,956	3,686
Other assets	3,599	768
Less impairment loss	(62)	(320)
Total	8,037	4,680
Non-financial assets:		
Transactions debited in error**	8,322	-
VAT refund	914	1,738
Prepayments	2,264	3,361
Total other assets	19,537	9,779

The financial assets are at amortised costs.

* Balances with mobile network operators (MNOs) are due to the Group in respect of mobile money transfer. The Group charges fees for services it provides to aid transfer of funds by its clients to beneficiaries via mobile money using MNOs.

** These balances represent amounts that are debited in advance or error and which will be reversed in the following period.

Unsettled transactions

	As at 31 December 2022 £'000	As at 31 March 2023 £'000
Unsettled transactions**	12,960	21,732

** Unsettled transactions result from foreign exchange transactions that are delayed due to time differences, public holidays in other countries (where the counterparties are located) or similar operational reasons. The arising balances are short-term in nature (typically less than four days) and were settled early the following period.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £'000	Computer Equipment £'000	Fixtures & Fittings £'000	Total £'000
Cost				
At 1 January 2023	122	2,521	2,204	4,847
Additions	-	71	15	86
At 31 March 2023	<u>122</u>	<u>2,592</u>	<u>2,219</u>	<u>4,933</u>
Accumulated depreciation				
At 1 January 2023	90	1,605	1,573	3,268
Charge to profit or loss	5	105	104	214
At 31 March 2023	<u>95</u>	<u>1,710</u>	<u>1,677</u>	<u>3,482</u>
Net book value				
At 31 December 2022	<u>32</u>	<u>916</u>	<u>631</u>	<u>1,579</u>
At 31 March 2023	<u>27</u>	<u>883</u>	<u>542</u>	<u>1,451</u>

15. INTANGIBLE ASSETS

	Goodwill £'000	Core Accounting Software £'000	Other Software £'000	Brand/ Other £'000	Total £'000
Cost					
At 1 January 2023	7,247	5,301	25,321	1,427	39,296
Additions	-	10	908	15	934
Exchange differences	-	-	(5)	-	(5)
At 31 March 2023	7,247	5,311	26,224	1,442	40,225
Accumulated amortisation					
At 1 January 2023	623	4,004	11,922	123	16,672
Charged in the period	-	185	971	11	1,167
At 31 March 2023	623	4,189	12,893	134	17,839
Net book value					
At 31 December 2022	6,624	1,297	13,399	1,304	22,624
At 31 March 2023	6,624	1,121	13,332	1,308	22,385

16. OTHER LIABILITIES, ACCRUALS AND UNSETTLED TRANSACTIONS

	As at 31 December 2022 £'000	As at 31 March 2023 £'000
Financial liabilities		
Trade creditors	554	159
Funds received in advance	4,988	-
Other creditors	11	2,181
	5,553	2,340
Non -financial liabilities		
Funds received in error*	3,500	-
HM Revenue & Customs	2,412	5,553
Deferred income**	53	-
Total other liabilities	11,518	7,893
Accruals	19,364	17,039
Total other liabilities and accruals	30,882	24,932

* These balances represent amounts that are credited in error and which will be reversed in the following period.

** Deferred income relates to payments that are received from customers before the services are provided to customers.

	As at 31 December 2022 £'000	As at 31 March 2023 £'000
Unsettled transactions	25,782	20,706

Unsettled transactions result from foreign exchange transactions that are delayed due to time differences, public holidays in other countries (where the counterparties are located) or similar operational reasons. The arising balances are short-term in nature (typically less than four days) and were settled shortly after the reporting date.

17. CALLED UP SHARE CAPITAL

	As at 31 December 2022			As at 31 March 2023		
	Nominal value £	Number of shares '000	Share capital, £'000	Nominal value £	Number of shares '000	Share capital, £'000
Class						
Class A	1	68,000	68,000	1	68,000	68,000
Class B	1	10	10	1	10	10
Total		68,010	68,010		68,010	68,010

There was no change to the number of shares authorised, issued and paid for during the period.

There was no change to the nominal value and voting rights.

18. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of profit before taxation to net cash outflow from operating activities

	3 months ended 31 March	
	2022 £'000	2023 £'000
Profit before taxation	4,391	18,653
Adjusted for non-cash items:		
Effect of currency exchange rate changes	38,897	19,995
Amortisation	1,468	1,167
Depreciation	290	324
Share based payment charge	209	155
Interest accrued on lease liabilities	5	18
Changes in working capital:		
Net decrease in collections/transmissions	(782)	-
Net (decrease) / increase in loans and advances to banks other than on demand	(62,246)	17,661
Net decrease in customer accounts	(28,532)	(53,331)
Net increase in investment in debt securities	(126,929)	(57,629)
Net (increase)/decrease in advances to customers	(603)	240
Net increase in unsettled transactions	(1,939)	(13,848)
Net decrease in other assets	2,371	9,759
Net decrease in other liabilities	(3,327)	(1,971)
Decrease in accrued income	38	43
Decrease in accruals, provisions, and deferred income	(3,290)	(2,325)
Net cash outflow from operating activities	(179,979)	(61,090)

19. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The carrying values of the financial assets and financial liabilities are summarised by category below:

	As at 31 December 2022 £'000	As at 31 March 2023 £'000
Financial Assets		
Measured at fair value through profit or loss		
Money market funds	209,486	103,281
Derivative financial instruments - foreign exchange related contracts	6,590	10,180
	216,076	113,461
Measured at amortised cost		
Cash and balances at central banks	607,358	661,598
Loans and advances on demand to banks	90,209	81,314
Other loans and advances to banks	93,164	77,539
Loans and advances to customers	4,748	4,508
Investment in debt securities	414,061	480,786
Unsettled transactions	12,960	21,732
Other assets (excluding non-financial assets)	8,037	4,680
Accrued income	856	815
	1,231,393	1,332,972
Measured at fair value through other comprehensive income		
Investment in equity securities	488	484
	488	484
	As at 31 December 2022 £'000	As at 31 March 2023 £'000
Financial Liabilities		
Measured at fair value through profit or loss		
Derivative financial instruments - foreign exchange related contracts	4,565	17,689
	4,565	17,689
Measured at amortised cost		
Customer accounts	1,307,698	1,283,770
Lease liability	1,281	1,122
Other liabilities (excluding non-financial liabilities)	5,553	2,340
Accruals	19,364	17,039
	1,333,896	1,304,271

20. FAIR VALUE MEASUREMENTS

Fair value methodology:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available fair values are determined at prices quoted in active markets. In some instances, such price information is not available for all instruments and the Group applies valuation techniques to measure such instruments. These valuation techniques make maximum use of market observable data but in some cases, management estimate unobservable market inputs within the valuation model. There is no standard model and different assumptions would generate different results. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments that are measured at fair value into the three levels of fair value hierarchy explained further below, based on the lowest level input that is significant to the entire measurement of the instrument.

Fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Inputs to level 1 fair value are quoted prices (unadjusted) in active markets for identical assets. An active market is one in which transactions for the asset occurs with sufficient frequency and volume to provide pricing information on an on-going basis.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivative financial instruments) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value such an instrument are observable, the instrument is included in level 2.

Fair values of derivative financial instruments (foreign exchange contracts), money market funds, Investment in equity securities and Investment in debt securities are included in level 2.

Investment in equity securities

Money market funds and exchange traded funds are valued at fair value based on the price a willing buyer would pay for the asset. Any gain or loss is taken through the profit and loss account. The money market funds include contractual terms such that they are traded at par until the total market value of the underlying instruments deviates from that par value by a certain amount (typically 20bps). The funds have each traded at par at all times since the initial investment by the Group.

The fair value of the Group's Investment in debt securities is determined by using discounted cash flow models that use market interest rates as at the end of the period.

Level 3– Unobservable inputs for the asset or liability

Inputs to level 3 fair values are based on unobservable inputs for the assets at the last measurement date. If all significant inputs required to fair value an instrument are observable then the instrument is included in level 2, if not it is included in level 3. The Group did not have any such instruments.

There were no transfers between fair value hierarchy level during period. There were no changes in valuation techniques used during the period.

Financial assets & liabilities categorised at Level 2 Fair value hierarchy

Financial Assets and Liabilities at Fair Value:	Valuation techniques	Inputs (including any significant unobservable inputs)
Derivative financial assets	The Mark-to-Market calculation for FX Forwards is performed within CBS based on market inputs pulled from Reuters at the end of each trading day. CBS applies a straight-line interpolation calculation to derive the requisite forward points for each currency based on the maturity date of the transaction – these points are added to the spot rate to derive a revaluation rate.	Reuters quoted spot rates and forward points.
Money market funds	Valuation based on quoted market prices.	Quoted market prices but not for identical assets.
Investment in equity securities	Equity investment held in illiquid security. In order to undertake its business, the Group utilises the Swift payment system, the conditions of which oblige participants to invest in the shares of Swift, in proportion to participants' financial contributions to Swift. The fair value is calculated annually based on price received from Swift and is approved annually at AGM.	The fair value is calculated annually based on price received from Swift and is approved annually at AGM.
Derivative financial liabilities	The MTM calculation for FX Forwards is performed within CBS based on market inputs pulled from Reuters at the end of each trading day. CBS applies a straight-line interpolation calculation to derive the requisite forward points for each currency based on the maturity date of the transaction – these points are added to the spot rate to derive a revaluation rate.	Reuters quoted spot rates and forward points.

Financial assets and financial liabilities at fair value through other comprehensive income

Forward foreign exchange contracts have been transacted to economically hedge assets and liabilities in foreign currencies with movements recognised at fair value through profit or loss.

Any gain or loss is taken through the interim condensed consolidated statement of other comprehensive income.

Fair values of financial assets that are measured at amortised cost

Apart from the fixed rate bonds, the carrying amounts of financial assets and liabilities measured at amortised cost are approximately the same as their fair values due to their short-term nature. The fair value of the fixed rate bonds is provided below.

Financial liabilities measured at amortised cost

The carrying amounts of financial liabilities at amortised cost are approximately the same as their fair values due to their short-term nature.

The valuation levels of the financial assets and financial liabilities accounted for at fair value are as follows:

Asset /(Liability) Type – as at 31 December 2022	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial Assets at Fair Value			
- Derivative financial assets	-	6,590	-
- Money market funds	-	209,486	-
- Investment in equity securities	-	488	-
Financial Liabilities at Fair Value			
- Derivative financial liabilities	-	(4,565)	-
	<u>-</u>	<u>211,999</u>	<u>-</u>
	<u>-</u>	<u>211,999</u>	<u>-</u>
	<u>-</u>	<u>211,999</u>	<u>-</u>
Asset /(Liability) Type – as at 31 March 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000
Financial Assets at Fair Value			
- Derivative financial assets	-	10,180	-
- Money market funds	-	103,281	-
- Investment in equity securities	-	484	-
Financial Liabilities at Fair Value			
- Derivative financial liabilities	-	(17,689)	-
	<u>-</u>	<u>96,256</u>	<u>-</u>
	<u>-</u>	<u>96,256</u>	<u>-</u>
	<u>-</u>	<u>96,256</u>	<u>-</u>

These are all recurring fair value measurements.

Fair value and carrying amount of Investment in debt securities.

	As at 31 December 2022 £'000		As at 31 March 2023 £'000	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed rate bonds	411,528	407,525	478,974	476,017
-US Treasury Bills (excluding accrued interest)	66,207	65,636	32,269	31,905
- Other fixed rate bonds (excluding accrued interest)	345,321	341,889	446,705	444,112
Accrued interest	2,533	2,533	1,812	1,812
	<u>414,061</u>	<u>410,058</u>	<u>480,786</u>	<u>477,829</u>
	<u>414,061</u>	<u>410,058</u>	<u>480,786</u>	<u>477,829</u>

Note: The fair values of the fixed rate bond are based on market quoted prices. They are classified as level 1 fair values in the fair value hierarchy due to the liquid nature of the bond holdings, having observable and transparent secondary market pricing.

21. TRANSACTION WITH RELATED PARTIES

There have been no material changes to the nature or size of related party transactions since 31 December 2022.

22. EVENTS AFTER THE REPORTING PERIOD

CAB Tech Holdco Limited, a subsidiary of the Company, declared a total dividend of £17,100k on 19 April 2023 (31 March 2022: nil). The dividend per share was £0.26. The amount paid to its external shareholders was £1,540k.

The Company declared dividends to its shareholders amounting to £11,300k in total, being £5,587k on 26 April 2023 and £5,713k on 1 June 2023 (31 March 2022: nil). The dividend per share was £0.08 in each case.

There are no other non-adjusting events after the reporting period.