Wise Payments Limited

Annual Report and financial statements for the year ended 31 March 2023

Registered number: **07209813**

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General information

Company name:	Wise Payments Limited
Registered number:	07209813
Registered office:	6th Floor, Tea Building 56 Shoreditch High Street London E1 6JJ, UK
Directors:	Kristo Käärmann Matthew Briers Sharon Kean (appointed 15 June 2023) Lars Trunin (appointed 16 June 2023)
Company secretary:	Syeeda Ollite
Independent auditors:	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH, UK

Strategic report for the year ended 31 March 2023

Principal activity

The principal activity of the Company is the provision of cross-border money transfer services. Wise Payments Limited (the 'Company') is a wholly-owned subsidiary of Wise Group plc ('Wise' or the 'Group'). The Company's immediate parent undertaking is Wise Financial Holdings Limited.

The directors present their Strategic report for the year ended 31 March 2023.

Performance

We generated £855.9 million of revenue in FY23, a 61.9% increase on £528.6 million last year, driven by an increase in volumes and Wise card usage. This resulted in £590.0 million of gross profit in FY23, a 71.2% increase on £344.6 million last year and equivalent to a 68.9% gross margin (2022: 65.1%), thanks to the increase in active customers. This growth in gross profit, which is in line with our growth in volume, demonstrates that reductions in price can be made whilst sustaining our ability to invest.

We invest in three ways to build better customer experiences that in turn drive more customers, more volume and more scale. This means we can lower our unit costs even more and still grow our capacity to reinvest.

We first invest in our product and infrastructure platform. We invest heavily in our Engineering teams, and in launching new features and products. This drives a better customer experience, more referrals, and also lowers our unit costs.

And of course, we re-invest in sustainably lowering prices for our customers. This is a long-term investment on the belief that driving down the cost of international banking, and in turn having the lowest unit cost, will position us the strongest for the future.

Administrative costs increased 50.7% to £463.7 million, primarily due to an increase in employee costs, outsourced services, marketing and other administrative expenses.

Employee costs increased 46.5% to £204.8 million as we continued to build our teams to support growth. We increased the number of Wisers by an average 921 to 3,192.

Profit before tax increased significantly to £126.1 million compared to £41.7 million last year, a growth of 202.4%.

As at 31 March 2023, we held £2.2 billion of cash and highly liquid investment grade assets, up 1.4% from £2.1 billion held at the end of FY2022.

The Wise Group

The Company is the principal subsidiary of Wise plc by way of Wise Financial Holdings Limited and has 25 subsidiaries and six branches, including overseas branches in Estonia, Hungary, Netherlands, Spain, New Zealand and Hong Kong.

Purpose and Strategy

Our Mission is to build money without borders: instant, convenient, transparent and eventually free. The Board makes sure we have the resources, that everything we do is aligned to our mission, but it's up to our teams to set their own strategy and work together to achieve the impact in their domain. So while the Board does not set our strategy in the traditional way, it does oversee, review and challenge it, ensuring that it keeps us on track to achieve our mission.

Our stakeholders and s172 statement

Section 172(1) Statement

The relationship between the Company and its stakeholders is fundamental to the strategy, purpose and values of our business and drives our decision making. The Board is required by section 172(1) of the Companies Act 2006 to act in a way that would be most likely to promote the long-term success of the Company and take into account all of Wise's stakeholders in its decision making. The key stakeholders of the Company are:

- Customers
- Wisers
- Shareholders
- Governments and Regulators
- Communities
- Suppliers

Stakeholders and their interests	How do we engage?	How has the Board taken stakeholder interests into account in decision making?
Customers - key customer priorities include: • Convenience of use • Sensible pricing • Speedy transactions • Business transparency	• We actively encourage customer feedback and our customers are regularly invited to share their thoughts through a wide range of research methodologies including surveys, interviews and customer engagement events. • We keep our customers updated on the progress of our work through social media posts, email updates and quarterly Mission updates on our website. • Our most engaged customers are invited to try our new products and features before the official release.	• During the year the Board reviewed the duties arising under the Consumer Duty and noted that the company's approach was generally aligned with the requirements arising under Consumer Duty. In November 2022, the Board approved the Consumer Duty implementation plan and appointed an interim Consumer Duty Champion in Q1 2023. Progress made towards the requirements of the Consumer Duty and the implementation plan was reviewed in a number of Board meetings in FY23. • The Board received updates on, reviewed and approved the expansion of product offering, reviewed planned improvements to functionality and key product risks. • Focus continued on supporting the strategy in keeping the transfer pricing low, with the average price per transfer 0.65%, and more than half of all transfers completed instantly.
Wisers - key priorities include: • Growth and development • The mission • Benefits and reward • Diversity and inclusion • Ownership and voice	• The Company engages with the colleagues in a number of ways including company events twice a year, regular updates via email, updates via company-wide communication channels, bi-weekly team calls and other inclusive events. Our mission to openness and transparency is encouraged internally and externally • Our colleagues are encouraged to share their views and give feedback on the annual "WiserPulse" employee engagement survey which was	• The results of the WiserPulse were reviewed by the Board in November 2022.

	undertaken in May 2022 • Open career maps to transparently communicate roles and salary ranges are available to all • There was a significant investment in leadership coaching and employee training • An independent whistleblowing service is in use for employees	
Shareholders - key priorities include: • Implementation of mission and progress made • Delivery of sustainable, profitable growth over both the short and the long term • Implementation of proactive and conscientious environment, social and governance • Independence and diversity of the Group Board	The Company has a significant importance within the Group as it is a holder of a key licence within the UK, is a principal operating subsidiary of the Group and a shareholder for a number of subsidiaries. The Board of Wise plc (the Company's ultimate shareholder) received regular updates and matters for escalation from the Company. Two of the Company's directors are board members of Wise plc, the ultimate shareholder, and interact with the Group through this membership.	• The Board approved the payment of dividends to its parent and ultimate owner • The Board provided updates to the board of Wise plc
Communities - key priorities include: • Having a safe and friendly service for international and local money transfers	• Expanding our money transfer services. • Continuing our environmental sustainability efforts • Providing charitable donations • Leveraging the Wise platform to facilitate fee-free donations from around the world to three global health organisations funding vaccine development and distribution to low-income countries, • Waiving fees on transfers to Ukraine • Partnering with the international community, including the United Nations and World Bank, by lending our expertise as	• The Board supported and approved matters relating to market expansion, including expansion to markets with significant unbanked and underbanked populations

	they seek to improve cross-border payments and lower the costs of remittances.	
Suppliers - key priorities include: ● Maintenance of long-term, productive relationships is critical to both our suppliers and to the Company.	● We have improved our payment processes to ensure our suppliers are paid more efficiently and on time.	● Relationships with our suppliers are subject to a number of governance controls ● Approval of a Modern Slavery Statement each year ● In February 2023 the Board approved Intercompany Service Level Agreements to strengthen services provided by the Company to other Group companies
Government and Regulators - key priorities include: ● Protecting customers ● Enhancing the safety and resilience of the financial system ● Prevention of financial crime ● Promotion of competition ● Enhancing market integrity	● The Company engages with the FCA in a number of ways, including proactive engagement meetings, FCA visits to our offices and ongoing provision of information by the Compliance team. ● Wise has a dedicated Policy and Government Relations team who work closely with governments around the world, including regulators and policymakers at the local, national, regional, and global levels.	● The Board approved and considered matters relating to the Consumer Duty ● The Board has remained focused on the development of the three lines of defence model, to ensure appropriate control and mitigation of our key risks. ● The Board was committed to constructively engaging with its regulator during the year and received regular updates on any engagements outside the Board.

Principal risks and uncertainties

Principal risks are those that we focus on as a business. These risks typically come about due to the fundamental nature and scope of our business model. As a member of Wise Group, the Company is directly exposed to a variety of risks which are either specific to the Company or are directly or indirectly applicable to the operations of the Company. Risks are identified and mitigated at Group level, with the following risks being deemed applicable to the Company:

- Regulatory risk
- Financial crime risk
- IT system control failure risk
- Market risk
- Credit risk
- Tax risk
- Fraud risk
- Third-party risk
- Data privacy risk
- Risk of disruptive competition
- Economic uncertainty

For full details of the risks and the Group's approach to risk management, refer to the Group's Consolidated Annual Report and Financial Statements, Strategic report and section entitled Risk management.

Non-financial information statement

This non-financial information statement provides an overview of topics and related reporting references as required by Sections 414CA and 414CB of the Companies Act 2006. The below table and information it refers to, is intended to help Wise Owners understand our position on key non-financial information matters.

Reporting Requirement	Policies and standards which govern our approach
Environmental matters	**Environmental & Social Impact Strategy -**is a strategy covering our sustainability and charitable partnership efforts in a hybrid of what other companies might call environmental, social and governance (ESG). The strategy, which is made up of five pillars, includes our 'Emission Zero' pillar which enshrines our Measure, Reduce and Remove approach to climate change and our emissions.
Human rights	**Modern Slavery Statement** - is Wise's statement of our commitment to ensuring that slavery and human trafficking are not taking place in any part of our business or supply chain. **Privacy and Data Protection** - sets out Wise's approach to protecting the personal data and privacy rights of our customers, employees and other stakeholders.
Our people	**Code of Conduct-** sets high standards for how Wisers should behave and treat each other. **Health and Safety Policy** - sets out our approach to health, safety and wellbeing. **Diversity, Equity and Inclusion** - outlines the Wise commitment to creating a team and working environment that are diverse, equitable and inclusive. **Anti-Bribery and Corruption (ABC) Policy** - sets out our responsibilities in observing and upholding our position on bribery and corruption; and provides information and guidance on how to recognise and deal with bribery and corruption red flags. **Whistleblowing Policy** - is the process for Wisers to report any suspected instances of wrongdoing. **Delegation of Authority Policy** - defines the process for assigning authority to Wisers. **Conflicts of Interest Policy** -– ensures that all Directors adhere to the highest standards of behaviour with regard to conflicts of interest.

	Wiser Complaint/Grievance Process - sets out the processes and guidelines for filing a formal complaint regarding another Wiser. **Conflict Resolution Process** - sets out the informal process for resolving conflicts between Wisers.
Social matters	**Group third-party management policy** – provides robust guidelines and practices with respect to the onboarding, ongoing management, review cycles and offboarding of third parties, including arrangements to identify, assess, monitor and report on key risks which arise as a result of relationships Wise has or proposes to have with certain of its third parties. **Charitable Donations Process -** – summarises the ways that Wisers can get involved in disaster relief and other charitable donations. **Complaints Policy** - describes the process for resolving customer complaints efficiently. **Vulnerable Customer Policy** - is Wise's policy stating our aim to ensure that the operations of our business do not have a negative impact upon vulnerable consumers when they are using our products.
Anti-corruption and anti-bribery	**Anti-Bribery and Corruption Framework** - sets out our responsibilities in observing and upholding our position on bribery and corruption; and provides information and guidance on how to recognise and deal with bribery and corruption red flags. **Regional Anti-Money Laundering Policy -** provides all employees with an overview of the Wise approach to mitigating the risk of money laundering and terrorist financing. **Sanctions Policy** - sets out the controls to protect Wise by ensuring compliance with all applicable sanctions, laws, orders and regulations, as well as detect, prevent and deter attempts to use Wise to circumvent sanctions. **Enhanced Customer Due Diligence Manual** - establishes enhanced due diligence procedures which strengthen Wise's Know Your Customer framework and looks to ensure compliance with relevant regulatory requirements for customers who require a higher level of due diligence. **Financial Crime Oversight Escalation and Approval Policy** - guides the selection and prioritisation of internal controls and risk mitigation actions in the context of continuous improvement of operational processes, and compliance management of new products, features or partnerships. **Politically Exposed Persons Manual** - summarises the regulatory requirements and best practices applicable to politically exposed persons (PEPs) and describes in detail the compliance programme for how PEPs are identified, onboarded and monitored.

The Strategic Report is approved by the Board of Directors on 20 September 2023 and were signed on its behalf by:

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Matthew Briers, Director

Directors' report

The Directors present their annual report together with the audited financial statements of the Company for the year ended 31 March 2023.

Going concern

The financial statements are prepared on a going concern basis as the Directors are satisfied that the Company has the available resources to continue in business for the foreseeable future.

The Directors have made inquiries of management and considered forecasts for the Company and have, at the time of approving these financial statements, a reasonable expectation that the Company has adequate resources to continue to meet its financial obligations as they fall due and to continue in operations for the foreseeable future. The Company, therefore continues to adopt the going concern basis in preparing its financial statements.

Directors

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

Kristo Käärmann [42, Estonian]
Date of appointment
31 March 2010

Matthew Briers [46, British]
Chief Financial Officer
Date of appointment
7 October 2021

Sharon Kean [42, British]
Date of appointment
15 June 2023

Lars Trunin [33, Estonian]
Date of appointment
16 June 2023

Board Attendance

During the financial year the Board met four times, ad hoc meetings of the Board were also held throughout the year, as and when required.

Key responsibilities of the Board

The Board is responsible for promoting the long-term success of the Company and delivering sustainable value to shareholders and other stakeholders meets its obligations under its UK regulatory Licence, that it oversees its subsidiaries and provides oversight as the main service provider to the Wise Group (defined as Wise plc and all its subsidiaries).

The Board's agenda during the year

Meeting agendas comprised a balance of regular standing items, such as Banking & Product, Financial, Subsidiary Update and regular deep dives.

Delegation by the Board

The Board delegates its authority under the following categories, which are described in more detail below:

i) Board Governance;
ii) Executive Governance,
iii) Delegated executive authorities to the Group Chief Executive Officer ("CEO") and Group Chief Financial Officer ("CFO") through which aspects of the CEO and CFO's authority are sub-delegated as appropriate.

During the year the Board has relied upon the work of the Group Board Committees to oversee risk and remuneration matters and escalate matters to the Group Board.

Executive Governance

The Board delegates to the Group CEO the day-to-day management of the Company. The CEO is supported in his role by the Senior Leadership Team, which provides advice, challenge and support. The Senior Leadership Team ("SLT") and CEO meet weekly.

Wise supports an autonomous culture with relevant decisions often delegated to those closest to the subject matter, and where sharing of plans and progress is encouraged and facilitated through a range of formal and informal sharing platforms. This organisational model is central to how Wise operates. To that end, the role of the SLT team is focused on setting Wise's vision, overseeing key metrics relevant to the success of Wise and its customers, creating and sustaining the culture and environment for Wise and Wisers to thrive, and high level resource and accountability allocation.

In Senior Leadership Team Meeting, where risks are discussed, the Chief Executive has also established Group committees and forums that provide oversight and advice on operational and risk matters, the key forums/committees are the:

- Group Risk Committee
- Operational Risk Committee
- Financial Crime Risk Committee
- Regulatory Change Risk Committee, and
- Assets and Liabilities Committee

Delegation of Authority Policy

Decision-making and day-to-day management of the Company is delegated by the Board to the Group Chief Executive Officer, as described above. However supporting this is a Delegation of Authority policy, which formally delegates authority to the Group Chief Executive Officer and Group Chief Financial Officer. The Delegation of Authority Policy allows a further sub-delegation of this authority to senior employees, who can exercise power and authority within defined limits.

The Delegation of Authority allows for prompt and effective decision making at appropriate levels within authorised limits and powers and ensures that there are effective controls in place, managed by the Company Secretariat. This policy is reviewed by the Board.

Company Secretary

Syeeda Ollite

Average number of employees

The average number of employees during the year ended 31 March 2023 was 3,192 (2022: 2,271 employees).

Political and charitable donations

The Company made charitable donations to various organisations of £0.3m during the year (2022: £0.4m). The Company did not make any political donations or incur any political expenditure (2022: £nil).

Information provided to the auditors

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

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and will therefore continue in office.

PricewaterhouseCoopers LLP ('PwC') are the external auditors to the Company. PwC has expressed its willingness to continue in office and the Board recommends that PwC be re-appointed as the Company's auditors.

Post balance sheet events

The Company approved and paid an interim dividend of £6.0m on 27 June 2023 in respect of the financial year ended 31 March 2024 to be payable to the sole shareholder Wise Financial Holdings Limited. Subsequently, Wise Financial Holdings Limited approved an interim dividend of £6.0m on 27 June 2023 in respect of the financial year ended 31 March 2024 to be payable to the sole shareholder Wise plc. The Directors of Wise Financial Holdings Limited approved that the payment was made directly from the Company to Wise plc. No other post balance sheet events have occurred since 31 March 2023.

Directors' qualifying third party indemnity provision

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

The Directors' Report is approved by the Board of Directors on 20 September 2023 and were signed on its behalf by:

DocuSigned by:

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Matthew Briers, Director

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

Directors' confirmations

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

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

Independent auditors' report to the members of Wise Payments Limited

Report on the audit of the financial statements

Opinion

In our opinion, Wise Payments Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and financial statements (the "Annual Report"), which comprise: Statement of financial position as at 31 March 2023; Statement of comprehensive income and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 6, we have provided no non-audit services to the company in the period under audit.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's analysis of the going concern of the ultimate parent, Wise plc, and supporting forecasts;
- Understanding and assessing the key inputs into managements' base case, market-wise stress scenario, credit risk event scenario, and the reverse stress scenario, such as volumes and take rate, to ensure that these are consistent with our understanding and the inputs used in other key accounting judgements, such as deferred tax recoverability;
- Reviewing the covenants applicable to the Wise plc group's borrowings and assessing whether the forecasts supported on going compliance with the covenants;

- Considering the historical reliability of management forecasting for cash flows by comparing budgeted results to actual performance over a period of two years;
- Reviewing the disclosures in the financial statements relating to the going concern basis of preparation, and evaluating that these provided an explanation of the Directors' assessment that was consistent with the audit evidence we obtained.

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

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

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

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

Reporting on other information

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

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

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

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

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to laws and regulations set by the Financial Conduct Authority (FCA), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries impacting revenue, misreporting of corporate cash and cash in transit balances and understatement of customer liabilities. Audit procedures performed by the engagement team included:

- Review of correspondence with and reports to the regulators, including the FCA;
- Review of management's reporting to the ultimate parent's Audit and Risk Committee in respect of compliance and legal matters;
- Discussions with management and the ultimate parent's Audit and Risk Committee, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing Board meeting and other relevant Committee minutes to identify any significant or unusual transactions or other matters that could require further investigation;
- Incorporating unpredictability in the selection of the nature, timing and extent of audit procedures performed;
- Enquiring of management and review of internal audit reports in so far as they related to the financial statements;
- Obtaining legal confirmations from legal advisors relating to material litigation;
- Identifying and testing journal entries meeting specific fraud criteria, including those posted to certain account combinations;
- Reviewing dispute logs, breaches/incidents log, legal expenses and whistleblowing reports;
- Testing a sample of intra-Group cash in transit balances at the year end to address the risk of double counting;
- Performing analytics on cash concentration by geography and subsequent movement to identify indications of round tripping of cash or unusual patterns which required further investigation.
- Obtaining confirmations over selected customer balances direct from customers; and
- Reviewing customer complaints and testing a sample based on risk criteria for indications of systemic evidence of understatement of customer liabilities.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Mark Jordan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 September 2023

Statement of comprehensive income
For the year ended 31 March 2023

	Note	2023 £m	2022 * Re-presented £m
Revenue	4	855.9	528.6
Interest income on customer balances	5	46.1	3.3
Interest expense on customer balances		(1.7)	(2.6)
Cost of sales	6	(292.4)	(183.9)
Net credit losses on financial assets	6	(17.9)	(0.8)
Gross profit		**590.0**	**344.6**
Administrative expenses	6	(463.7)	(307.6)
Net interest income / (expense) from operating assets		2.3	(0.1)
Other operating income	8	6.2	4.8
Other operating expenses		-	(4.8)
Operating profit		**134.8**	**36.9**
Finance income/(expense)		(8.7)	4.8
Profit before tax		**126.1**	**41.7**
Income tax expense	9	(25.9)	(6.9)
Profit for the financial year		**100.2**	**34.8**
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss:			
Fair value loss on investments, net		(5.7)	(17.2)
Currency translation differences		1.5	0.1
Total other comprehensive loss		**(4.2)**	**(17.1)**
Total comprehensive income for the period		**96.0**	**17.7**

*Comparative balances have been re-presented to show the impact of the change in presentation of the interest income and interest expense on customer balances, as described in note 2.2.

All results are derived from continuing operations.

The accompanying notes form an integral part of these financial statements.

Statement of financial position

As at 31 March 2023

	Note	2023 £m	2022 £m
Non-current assets			
Deferred tax assets	9	100.7	104.4
Property, plant and equipment	10	16.8	18.1
Intangible assets	11	10.2	17.3
Investment in subsidiaries at cost	12	70.5	43.1
Trade and other receivables	13	17.3	13.7
Total non-current assets		**215.5**	**196.6**
Current assets			
Current tax assets		5.6	6.3
Trade and other receivables	13	431.8	243.2
Short-term financial investments	14	2,993.5	1,192.4
Cash and cash equivalents	15	2,159.8	2,129.3
Total current assets		**5,590.7**	**3,571.2**
Total assets		**5,806.2**	**3,767.8**
Non-current liabilities			
Trade and other payables	16	21.7	14.2
Provisions		2.6	1.8
Deferred tax liabilities	9	1.1	0.5
Borrowings	17	6.9	88.8
Total non-current liabilities		**32.3**	**105.3**
Current liabilities			
Current tax payables		0.2	0.9
Trade and other payables	16	4,993.1	3,278.3
Provisions		1.4	1.6
Borrowings	17	254.6	3.7
Total current liabilities		**5,249.3**	**3,284.5**
Total liabilities		**5,281.6**	**3,389.8**
Net assets		**524.6**	**378.0**

Equity		
Called up share capital	-	-
Share premium account	1.4	1.4
Share-based payment reserves	110.6	105.1
Other reserves	(23.5)	(17.8)
Currency translation reserve	0.8	(0.7)
Retained earnings	435.3	290.0
Total equity	**524.6**	**378.0**

The accompanying notes form an integral part of these financial statements.

These financial statements on pages 20 to 55 were authorised for issue by the Board of Directors on 20 September 2023 and were signed on its behalf by:

DocuSigned by:

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Matthew Briers, Director

Wise Payments Limited
Registered number: 07209813

Statement of changes in equity

For the year ended 31 March 2023

	Note	Called up share capital	Share premium account	Share-based payment reserves	Other Reserves	Currency translation reserve	Retained earnings/accumulated losses)	**Total equity**
		£m	£m	£m	£m	£m	£m	£m
At 1 April 2021		**-**	**1.4**	**120.1**	**(0.7)**	**(0.8)**	**151.1**	**271.1**
Profit for the year		-	-	-	-		34.8	**34.8**
Fair value loss on investments	14	-	-	-	(17.2)	-	-	**(17.2)**
Currency translation differences		-	-	-	-	0.1	-	**0.1**
Total comprehensive income for the year		**-**	**-**	**-**	**(17.2)**	**0.1**	**34.8**	**17.7**
Share-based compensation expense		-	-	11.0	-	-	1.0	**12.0**
Transfer of the obligation to settle share-based payment awards		-	-	(79.1)	-	-	79.1	**-**
Recharge allocated to parent for share-based payment awards		-	-	-	-	-	25.3	**25.3**
Tax credit relating to share option schemes	9	-	-	54.4	-	-	-	**54.4**
Employee share schemes		-	-	(1.3)	-	-	1.3	**-**
Dividends		-	-	-	-	-	(1.4)	**(1.4)**
Other distributions		-	-	-	-	-	(1.1)	**(1.1)**
Redemption of preference shares		-	-	-	0.1	-	(0.1)	**-**
At 31 March 2022		**-**	**1.4**	**105.1**	**(17.8)**	**(0.7)**	**290.0**	**378.0**

Profit for the year		-	-	-	-	-	100.2	**100.2**
Fair value loss on investments, net	14	-	-	-	(5.7)	-	-	**(5.7)**
Currency translation differences		-	-	-	-	1.5	-	**1.5**
Total comprehensive income for the year		**-**	**-**	**-**	**(5.7)**	**1.5**	**100.2**	**96.0**
Share-based compensation expense		-	-	-	-	-	45.1	**45.1**
Tax credit relating to share option schemes	9	-	-	5.5	-	-	-	**5.5**
At 31 March 2023		**-**	**1.4**	**110.6**	**(23.5)**	**0.8**	**435.3**	**524.6**

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2023

1.1 General information

Wise Payments Limited is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of its registered office is 6th Floor Tea Building, 56 Shoreditch High Street, London E1 6JJ. The principal activity of the Company is the provision of cross-border money transfer services. The company is a wholly owned subsidiary of Wise Financial Holdings Limited and its ultimate parent is Wise plc.

1.2 Basis of preparation

The financial statements of Wise Payments Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation
- techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
    - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
    - 10(d) (statement of cash flows);
    - 16 (statement of compliance with all IFRS);
    - 38A (requirement for minimum of two primary statements, including cash flow statements);
    - 38B-D (additional comparative information);
    - 111 (statement of cash flows information); and
    - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a Group.
- Paragraph 18A of IAS 24, 'Related party disclosures', related to key management services provided by a separate management entity.

The principal accounting policies applied in the preparation of these financial statements are set out in note 2. These policies have been consistently applied to all the years presented, unless otherwise stated.

Preparation of financial statements requires significant accounting judgments and estimates which have been laid out in note 3.

Going concern

The financial statements are prepared on a going concern basis as the Directors are satisfied that the Company has the available resources to continue in business for the foreseeable future.

The Directors have made inquiries of management and considered forecasts for the Company and have, at the time of approving these financial statements, a reasonable expectation that the Company has adequate resources to meet its financial obligations as they fall due and to continue in operations for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

1.3 Basis of consolidation

The Company is a wholly owned subsidiary of Wise Financial Holdings Limited and of its ultimate parent, Wise plc. It is included in the consolidated financial statements of Wise plc, which are publicly available. Therefore, the company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is 6th Floor Tea Building, 56 Shoreditch High Street, London E1 6JJ.

These financial statements are separate financial statements.

Note 2. Summary of significant accounting policies

2.1 New standards, amendments, IFRIC interpretations and new relevant disclosure requirements

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2023 that have a material impact on the Company's financial statements.

2.2 Changes in presentation

Interest income and expense on customer balances and benefits paid relating to customer balances

In preparing these financial statements, the Company has made certain presentational changes to better align the relevant IFRS financial statement captions and reflect the underlying nature of the transactions and operations of Wise.

During the financial year, the balances our customers hold with us have continued to increase. These increasing balances, coupled with the increase in interest rates globally, has meant that Wise has started generating material interest income on customer balances, whilst ensuring that they remain safeguarded and available to our customers. As a result of this increased income, Wise has begun to offer new benefits to its customers for holding their balances in Wise Accounts.

As the results associated with the interest income and the benefits paid relating to customer balances are now material, we have changed our presentation in the income statement to include within gross profit the revenue (as previously defined) and the results from customer balances, which includes the interest income and interest expense on customer balances along with benefits paid relating to customer balances. The net interest income from operating assets will remain unchanged in terms of presentation, refer to note 2.16.

This change in presentation has been applied retrospectively. The comparative information has been re-presented to reflect this change in classification for all instances. This change in presentation has no overall impact on operating profit or profit before tax.

	Year ended 31 March 2022		
	As reported	Change in the presentation	**Re-presented**
	£m	£m	**£m**
Revenue	528.6	-	528.6
Interest income on customer balances	-	3.3	3.3
Interest expense on customer balances	-	(2.6)	(2.6)
Cost of sales	(183.9)	-	(183.9)
Net credit losses on financial assets	(0.8)	-	(0.8)
Gross profit	**343.9**	**0.7**	**344.6**
Administrative expenses	(307.6)	-	(307.6)
Interest income from investments and operating assets	3.3	(3.3)	-
Interest expense from operating assets	(2.7)	2.7	-
Net interest expense from operating assets	-	(0.1)	(0.1)
Other operating income	4.8	-	4.8
Other operating expenses	(4.8)	-	(4.8)
Operating profit	**36.9**	**-**	**36.9**
Finance income	4.8	-	4.8
Profit before tax	**41.7**	**-**	**41.7**
Income tax expense	(6.9)	-	(6.9)
Profit for the year	**34.8**	**-**	**34.8**

The new accounting policies are as follows:

Interest income on customer balances is earned from holding customer funds (Wise Accounts) as cash and cash equivalents or investing them into permitted financial assets. These amounts are recognised in the income statement using the effective interest rate method.

Benefits paid relating to customer balances include incentives and other benefits provided to customers for holding their balances in Wise accounts. These are recognised in the income statement in line with the balances held in Wise accounts and apportioned over the same period of time.

2.3 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current or non-current classification.

An asset is current when it satisfies any of the following criteria:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period;
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it satisfies any of the following criteria:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period;
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.4 Foreign currencies translation

Functional and presentation currency
Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (‘the functional currency’). All financial information is presented in millions of Pounds Sterling (“£”), rounded to the nearest £0.1m, which is also the Company’s functional currency, unless otherwise stated.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss (either as cost of sales or operating expenses).

Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost or year-end exchange rates if held at fair value, and the resulting foreign exchange gains or losses are recognised in either the income statement or shareholder’s equity depending on the treatment of the gain or loss on the asset or liability.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, on-demand deposits, Money Market Funds (MMF) and other short-term high quality liquid investments with original maturities of three months or less and e-money held with payment processing partners. Cash that has been paid out from the Company's bank account but has not been delivered to the bank account of the beneficiary is classified as cash in transit. Cash collateral deposits the Company holds with its counterparties are recognised under Trade and other receivables in the statement of financial position.

Customer deposits

The Company recognises financial assets and liabilities for the funds customers hold on their accounts ("Wise Accounts") and the funds collected from customers, as part of the money transfer settlement process, that have not yet been processed. The liability is recognised upon receipt of cash or capture confirmation (depending on pay-in method), and is derecognised when cash is delivered to the beneficiary. Additionally, the Company considers it does not have a legally enforceable right to set off these financial assets and liabilities, or an intention to settle them on a net basis or settle them simultaneously.

Principles to determine the point of delivery are the same as applied in revenue recognition, see note 2.14. Cash that has been paid out but has not yet been delivered to the beneficiary account is reflected as cash in transit to customers.

2.6 Investments in subsidiaries

Investments in subsidiaries are stated at cost, less any provisions to reflect impairment in value.

2.7 Impairment of investments in subsidiaries

The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable.

If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount of the cash-generating unit is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

2.8 Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the company's shareholders.

2.9 Financial assets

Investments and other financial assets

The Company classifies its financial assets, at initial recognition, and subsequently measures them at amortised cost, fair value through profit or loss (FVTPL), and fair value through other comprehensive income (FVOCI).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flows and the Company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how they are used in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held with the objective to collect contractual cash flows, while financial assets classified and measured at fair value through OCI are held with the objective of both holding to collect contractual cash flows and selling.

The Company classifies debt securities (e.g. bonds) as FVOCI pursuant with the above policy as the contractual cash flows are solely payments of principal and interest, and the objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets. On disposal of these debt investments, any related balance within the FVOCI reserve is reclassified to profit or loss.

Recognition and derecognition
Purchases and sales of financial assets are recognised on the settlement date according to market conventions. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets at amortised costs are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the profit or loss when the asset is derecognised, modified or impaired.

Impairment
The Company recognises an allowance for Expected Credit Losses (ECL) for trade receivables and uses a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments held at FVOCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether or not the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort.

In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company's debt instruments held at FVOCI consisted solely of quoted bonds that are graded by Moody's Credit Rating Agency and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from Moody's both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Refer to note 2.21 for further information on trade receivables and expected credit losses.

2.10 Derivative financial instruments

Derivative financial instruments are used to manage exposure to market risks. The principal derivative instruments used by the Company are foreign currency swaps, foreign exchange forwards and non-deliverable foreign exchange forwards. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value through profit and loss at each reporting date.

All derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Group does not hold or issue derivative financial instruments for trading or speculative purposes. The Group enters into derivatives that are due to be realised or settled within 12 months; consequently they are presented as current assets or current liabilities.

Fair value of a derivative financial instrument is determined by reference to a quoted market price for that instrument. When quoted prices are not available, valuation techniques, that utilise observable inputs, are used to estimate fair value. The key inputs in the valuation model are the relevant forward exchange rates for the currencies involved.

2.11 Property, plant and equipment

Property, plant and equipment is 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. Right-of-use assets are depreciated over the lease term (2-7 years). Capitalised reconstruction and internal design costs of leased office space (shown as 'Leased office improvements' in the notes to the financial statements) are depreciated over the lease term (typically 2-5 years) and other office equipment over 2 years.

Computer equipment is not recorded into property, plant and equipment but expensed, as low value short-lived equipment in the Company.

2.12 Intangible assets

Internally generated software development costs

The Company develops software used in provisioning of its services. Development costs that are directly attributable to the design, development and testing of the software controlled by the Company are recognised as intangible assets when the following criteria are met:

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

Costs associated with maintaining computer software are recognised as an expense as incurred.

Directly attributable costs that are capitalised as part of the software product comprise the software development employee costs.

Amortisation

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs, domain and licence purchases are recorded as intangible assets and amortised over their estimated useful economic lives. Intangible assets are assessed for impairment whenever there is an indicator that they might be impaired, for example when the assets are no longer in use and need to be decommissioned.

The Company amortises intangibles assets on a straight-line basis over 3 years, except for mobile applications which are amortised over 2 years.

2.13 Trade and other payables

Trade payables consist of obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers on the basis of normal credit terms and do not bear interest. Other payables, which relate to Wise Accounts and money transfers that have not been processed by the Company at the reporting date, are non-derivative liabilities to individuals or business customers for money they hold with the Company and do not constitute borrowings.

Payables including loan payables to Group companies are initially recognised at fair value and subsequently measured at amortised cost.

2.14 Revenue recognition

The Company primarily generates revenue from money transfers and Wise Account, including conversions and debit card services.

The Company recognises revenue according to the principles of IFRS 15 using the five-step model:

1. Identify the contracts with customers
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction to the performance obligations in the contract
5. Recognise the revenue when (or as) the entity satisfies the performance obligation

A customer enters into the contract with the Company at the time of opening a Wise Account or initiating a money transfer. Generally, the customer agrees to the contractual terms by formally accepting, on Wise's website or the App, the terms and conditions of the respective service, which details the Company's performance obligations and fees.

In the case of debit card services, it is at the time the card is made available for use and the customer is able to either make a payment or a withdrawal.

The transaction price is the amount of consideration expected to be received in exchange for providing services to a customer. The fees charged to customers are shown to them upfront prior to the transaction being initiated. For international transfers, a single upfront fee per transaction is charged, consisting of a fixed and variable amount. The amount of both the fixed and the variable portion of the fee depends on a number of factors, including the currency route, the transfer size, the type of transaction being undertaken and the payment method used.

The transaction price is allocated to performance obligations of the different revenue streams on the basis of relative standalone selling prices. As there is typically a single performance obligation associated with each type of service provided to a customer, the revenue is recognised at the point in time when the performance obligation has been satisfied. For money transfers it is upon delivery of funds to the recipient. In case of money conversions it is when a customer balance is converted into a different currency and for debit card services it is upon transaction capture.

The timing required for the Company to process the payment to the recipient and, hence, to satisfy its performance obligations largely depends on the processing time its banking partners require to deliver funds to the recipient. Therefore, the revenue is deferred until the funds are delivered. In certain jurisdictions where the Company has settlement accounts with the Central Banks or in the case of transfers between Wise Accounts or conversions within a Wise Account, such transactions are fulfilled instantly.

2.15 Other operating income

Other income recognition from contracts with partners

Income from contracts with partners is recognised over their contractual terms as the relevant performance conditions are met. The contracts may contain certain performance conditions and milestones. The Company defers any cash consideration received up front until it is probable that these conditions and milestones are met.

Government grants
Government grants recognised in other operating income relate to qualifying UK R&D under the research and development expenditure credit (RDEC) scheme for large companies. Such grants are taxable and are presented as other operating income in the consolidated income statement.

2.16 Interest income from operating assets

Interest income is recognised using the effective interest rate method on corporate 'cash and cash equivalents'.

2.17 Leases

A lease is a contract or part of a contract that conveys to the lessee the right to control the use of an identifiable asset for a period of time in exchange for consideration.

The Company as lessee
Initial measurement
At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability. At the commencement date, a lessee shall measure the right-of-use asset at cost. The cost of the right-of-use asset shall comprise:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use of assets are recorded within the 'Property, plant and equipment' line in the statement of financial position and is measured at an amount equal to the lease liability. The lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined.

If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date. Variable lease payments that depend on an index or a rate include, for example, payments linked to a consumer price index;

- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent measurement
After the commencement date, a lessee measures the right-of-use asset estimated by applying a cost model. To apply a cost model, a lessee measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability.

Right-of-use assets are generally depreciated over the shorter of the asset's estimated useful life and the lease term on a straight-line basis.

Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

If there are changes in lease payments, there may be a need to remeasure the lease liability. A lessee shall recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, a lessee shall recognise any remaining amount of the remeasurement in profit or loss.

The Company has elected not to apply the requirements of IFRS 16 to short-term leases and leases for which the underlying asset is of low value. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of IT and office equipment.

Extension and termination options
Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The extension and termination options held are exercisable only by the Company and not by the lessors.

At the reporting date, the Company is exposed to future cash outflows that are not reflected in the measurement of lease liabilities. These arise from extension options and a termination option available to the Company for a number of lease agreements for office spaces. The Company initially assesses at lease commencement whether it is reasonably certain it will exercise the options and subsequently reassesses it if there is a significant event or significant changes in circumstances within its control. The Company has concluded it is not reasonably certain that the options will be exercised.

2.18 Cost of sales

Cost of sales comprises the costs that are directly associated with the Company's principal revenue stream of money transfer, conversion services and debit card services. This includes:

- bank and customer related fees, including any applicable discounts, incurred in processing customer transfers, as well as the card production costs;

- net foreign exchange costs generated due to customer transactions and costs related to the difference between the published mid-market rate offered to customers and the rate obtained by the Group in acquiring currency as required. Net foreign exchange differences from the revaluation of customer balances at period end are also included. Other product costs include product losses that are directly generated from consumer transactions, including chargeback losses, as well as taxes directly attributable to customer activity.

2.19 Current and deferred tax

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

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Company financial statements. 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 assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets on share based payments are recognised in line with the IFRS 2 charge for the share options not exercised at the balance sheet date. The deferred tax assets on share based payments are determined based on the share price at the balance sheet. The impact of recognition is split between income tax expense in profit or loss for the period, for the element up to the cumulative remuneration expense; and the share-based payment reserve, recognised directly in equity, for the element in excess of the related cumulative remuneration expense. Refer to note 9 for further details.

The impact of the recognition of deferred tax assets on losses is split between the share-based payment reserve for the element of the tax deduction on exercise in excess of the related cumulative remuneration expense and the income tax expense in profit or loss for the balance of the loss.

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

2.20 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Long-term obligations

Employee entitlements for long-term leave is recognised as a liability using probability of staff departures and leave utilisation.

Share-based payments

The Wise Group operates a number of equity settled share based compensation plans for the employees of subsidiary undertakings. The Company's employees are eligible for this plan. The employee share option plan is designed to provide long-term incentives for all employees to deliver long-term shareholder returns.

The fair value of the employee services received in exchange for the grant of the options and awards is recognised in employee benefit expenses, over the period in which the service and the performance conditions are fulfilled (the vesting period). The total amount to be expensed is determined by reference to the fair value of the options granted. Non-market vesting conditions are included in assumptions of the number of options and awards that are expected to vest.

2.21 Trade and other receivables

Trade and other receivables primarily consist of amounts due from payment processors and collateral deposits the Company holds with its counterparts. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost less impairment for expected credit losses. The Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime credit losses to be recognised from the initial recognition of the receivables. Refer to note 2.9 above for further information on expected credit losses.

2.22 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the term of the borrowing using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred and treated as a transaction cost when the draw-down occurs.

2.23 Provisions

Provisions are liabilities where the exact timing and amount of the obligation are uncertain. Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, when an outflow of resources is probable to settle the obligation and when an amount can be reliably estimated. Where the time value of money is material, provisions are discounted to current values using appropriate rates of interest. The unwinding of the discounts is recorded in net finance income or expense.

2.24 Specific allowance for expected credit losses

The Company may recognise specific allowance for individually material financial assets for which credit quality deteriorates significantly. The Company takes into account specific facts and circumstances that might indicate impairment, such as litigation risk, credit rating and financial results of the counterparty. The Company also uses the weighted probability method to assess the recoverability of the amounts and monitors subsequent changes in the assumptions and estimates on a regular basis.

2.25 Legal provisions and contingent liabilities

The Company may become party to litigation proceedings from time to time and recognise a legal provision when a) it has a present obligation as the result of a past event, b) it is probable the outflow of economic resources will be required to settle the obligation and c) a reliable estimate of the such amount can be made. If these conditions are not met, the Company discloses contingent liabilities; unless the likelihood of the outflow of the economic benefit is remote.

Note 3. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Judgements
In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

3.1 Customer balances

The Company recognises financial assets and corresponding liabilities for the funds customers hold on their Wise Accounts and the funds the Company receives as part of the money transfer settlement process. At the point that the cash is received from the customer, the Company becomes party to a contract and has a right and an ability to control the economic benefit from the cash flows associated with this balance. Additionally, the Company considers it does not have a legally enforceable right to set off these financial assets and liabilities, or an intention to settle them on a net basis or settle them simultaneously. Therefore, Management has concluded that the recognition of the financial assets and their respective liabilities on the balance sheet is appropriate.

3.2 Net gains and losses from foreign exchange differences

The Company classifies net foreign exchange gains and losses from customer transactions, including the costs related to the difference between the published mid-market rate offered to customers and the rate obtained by the Company in acquiring currency as required, as cost of sales. The Company considers these costs as directly related to and incurred as part of providing services to the customers. The total net foreign exchange differences recognised in the cost of sales for the year ended 31 March 2023 is £48.8m (2022: £8.2m).

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared.

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Management has concluded that there are no critical accounting areas of estimation.

Note 4. Revenue

Disaggregation of revenues

In the following table revenue is disaggregated by major geographical market:

	2023 £m	2022 £m
Revenue by geographical regions		
Europe (excluding UK)	293.5	196.1
United Kingdom	163.8	117.0
North America	196.6	104.3
Asia-Pacific	159.9	91.5
Rest of the world	42.1	19.7
Total revenue	**855.9**	**528.6**

Note 5. Interest income on customer balances

	2023 £m	2022 £m
Interest income		
Interest income from cash at banks	9.7	0.1
Interest income from investments into MMFs and listed bonds	36.4	3.2
Total interest income	**46.1**	**3.3**

Note 6. Cost of sales and administrative expenses

Breakdown of expenses by nature:

	2023 £m	2022 £m
Cost of sales		
Bank and partner fees	221.2	144.4
Net foreign exchange loss and other product costs	71.2	39.5
Total cost of sales	**292.4**	**183.9**
Net credit losses on financial assets		
Amounts charged to credit losses on financial assets	17.9	0.8
Total net credit losses	**17.9**	**0.8**

Expected credit losses are presented as net credit losses within gross profit and subsequent recoveries of amounts previously written off are credited against the same line item. Subsequent recoveries of amounts previously written off are negligible in both current and prior year.

	2023 £m	2022 £m
Administrative expenses		
Employees and directors benefit expenses	204.8	139.8
Consultancy and outsourced services	220.7	137.5
Other administrative expenses	24.6	14.7
Depreciation and amortisation	18.2	20.3
Less: Capitalisation of staff costs	(4.6)	(4.7)
Total administrative expenses	**463.7**	**307.6**

Refer to note 7 for details on employee benefit expenses.

The share-based payment compensation expense for the year ended 31 March 2023 is £45.2m (2022: £34.5m) for employees directly employed by the Company and £0.1m (2022: £0.3m) for outsourced personnel, which is reported under consultancy and outsourced services.

Auditors' remuneration

Audit fees payable to the Company's audit services pursuant to these accounts were £0.2m (2022: £0.2m) and £0.2m (2022: £0.1m) for non-audit or other services performed by the Company's auditors.

Note 7. Employee benefit expenses

	2023	2022
	£m	£m
Salaries and wages	129.4	85.8
Share based payment compensation expense	45.2	34.5
Social security costs	25.7	16.4
Pension costs	3.0	2.0
Other employment taxes and insurance cost	1.5	1.1
Total employee benefit expense	**204.8**	**139.8**

The average number of employees during the year ended 31 March 2023 was 3,192 (2022: 2,271 employees).

Note 8. Other operating income

	2023	2022
	£m	£m
Other operating income		
Income from incentive programs	2.3	1.0
Income from government support schemes	3.6	3.5
Other revenue	0.3	0.3
Total other operating income	**6.2**	**4.8**

Note 9. Income tax expense

Tax expense:

	2023 £m	2022 £m
Current income tax for the year		
UK corporation tax	18.0	15.8
Adjustment in respect of prior years	(0.2)	0.3
Total current tax expense for the year	**17.8**	**16.1**
Deferred income tax for the year		
Decrease/(increase) in deferred tax	8.3	(9.6)
Adjustment in respect of prior years	(0.2)	0.4
Total deferred tax expense/(credit) for the year	**8.1**	**(9.2)**
Total tax expense for the year	**25.9**	**6.9**

Factors affecting tax expense for the year:

	2023	2022
	£m	£m
Profit before taxation	126.1	41.7
Profit multiplied by the UK tax rate of 19% (2022: 19%)	24.0	7.9
Adjustments in respect of prior periods	(0.4)	0.7
Movement in tax provisions	1.5	1.6
Employee option plan	1.1	1.0
Difference in overseas tax rates	1.2	0.6
Change in rate of recognition of deferred tax	(1.3)	(4.3)
Income not taxable	-	(1.7)
Other	(0.2)	1.1
Total tax expense for the year	**25.9**	**6.9**

The Company's effective tax rate (ETR) before other comprehensive income (OCI) is a 21% charge (2022: 16% charge).

This equates to the applicable UK tax rate of 19%, adjusted for a number of factors such as UK tax rate change and employee option plans.

On 24 May 2021, an increase in the UK corporation tax rate from 19% to 25% applicable from 1 April 2023 was substantively enacted. Therefore, the UK deferred tax assets and liabilities, which are expected to unwind after 1 April 2023, have been re-measured in the current reporting period based on the increased UK corporation tax rate and reflected in the statement of profit and loss and equity.

Amounts recognised in other comprehensive income:

	2023 £m	2022 £m
Deferred tax		
Recognition of deferred tax asset on listed bonds	2.5	5.4
Total amounts recognised in other comprehensive income	**2.5**	**5.4**

Amounts recognised directly in equity:

	2023 £m	2022 £m
Current tax		
Deduction for exercised options	4.2	15.0
Deferred tax		
Recognition of deferred tax asset on share-based payments*	1.3	39.4
Total amounts recognised directly in equity	**5.5**	**54.4**

* Recognition of deferred tax on share-based payments compensation consists of future share based payments deductions and carry forward losses generated by share based payments. The deferred tax asset in relation to share-based payments was recognised based on the share price at the balance sheet date which was £5.44.

Deferred tax assets and liabilities

Movements during the year

Year ended 31 March 2023

	1 April 2022 £m	Recognised in income £m	Recognised in equity/OCI £m	FX £m	**31 March 2023 £m**
Property, plant and equipment	(0.2)	0.2	-	-	-
Share based payments	46.9	6.3	1.7	-	54.9
Intangibles	(2.2)	1.2	-	-	(1.0)
Provisions	1.9	(0.3)	-	-	1.6
Tax losses	52.6	(15.0)	(0.4)	(0.5)	36.7
Other	4.9	(0.5)	2.5	0.5	7.4
Closing deferred tax asset	**103.9**	**(8.1)**	**3.8**	**-**	**99.6**
Represented by:					
Deferred tax assets					100.7
Deferred tax liabilities					(1.1)
Total					**99.6**

Year ended 31 March 2022

	1 April 2021 £m	Recognised in income £m	Recognised in equity/OCI £m	FX £m	**31 March 2022 £m**
Property, plant and equipment	0.4	(0.6)	-	-	(0.2)
Share based payments	50.8	6.7	(10.6)	-	46.9
Intangibles	(2.7)	0.5	-	-	(2.2)
Provisions	1.2	0.7	-	-	1.9
Tax losses	2.2	0.4	50.0	-	52.6
Other	(2.0)	1.5	5.4	-	4.9
Closing deferred tax asset	**49.9**	**9.2**	**44.8**	**-**	**103.9**
Represented by:					
Deferred tax assets					104.4
Deferred tax liabilities					(0.5)
Total					**103.9**

The deferred tax asset mainly comprises unexercised share options and losses generated by share based payment deductions. The current year tax losses have arisen due to post-listing share option exercises. The deferred tax assets are reviewed at each reporting date to determine recoverability and to determine a reasonable time frame for utilisation. There is no time limit for utilisation of UK tax losses. In light of this analysis, Wise Payments Limited considers it is probable that there will be sufficient taxable profits in the next 6 years to realise the deferred tax asset. Consequently, Wise Payments Limited has unrecognised deductible temporary differences of £nil (2022: £nil) and the asset has been recognised in full as at 31 March 2023.

Note 10. Property, plant and equipment

	Right-of-use assets	Leased office improvements	Office equipment	Assets under construction	**Total**
	£m	£m	£m	£m	**£m**
As at 1 April 2022					
Cost	20.8	8.0	3.3	0.2	**32.3**
Accumulated depreciation	(9.2)	(3.4)	(1.6)	-	**(14.2)**
Net book value	**11.6**	**4.6**	**1.7**	**0.2**	**18.1**
Additions	1.3	0.9	0.1	2.4	**4.7**
Reclassifications	-	1.1	1.1	(2.2)	**-**
Depreciation charge	(3.8)	(1.5)	(1.2)	-	**(6.5)**
Write-offs	-	(0.1)	-	-	**(0.1)**
Foreign currency translation differences	0.1	-	0.4	-	**0.5**
At 31 March 2023					
Cost	22.3	10.1	4.7	0.4	**37.5**
Accumulated depreciation	(13.1)	(5.0)	(2.6)	-	**(20.7)**
Net book value	**9.2**	**5.1**	**2.1**	**0.4**	**16.8**

Note 11. Intangible assets

	Software	Other intangible assets	**Total**
	£m	£m	**£m**
As at 31 March 2022			
Cost	39.0	2.0	41.0
Accumulated amortisation	(23.0)	(0.7)	(23.7)
Net book value	**16.0**	**1.3**	**17.3**
Additions	4.7	0.0	4.7
Amortisation charge	(11.4)	(0.4)	(11.8)
At 31 March 2023			
Cost	28.4	2.0	30.4
Accumulated amortisation	(19.1)	(1.1)	(20.2)
Net book value	**9.3**	**0.9**	**10.2**

Software is an internally generated intangible asset which consists of capitalised development costs. Other intangible assets primarily include licences and domain purchases. The amortisation charge is recognised in Administrative Expenses in the Statement of Comprehensive Income.

Note 12. Investment in subsidiaries at cost

The company holds investments in the following subsidiaries as at 31 March 2023:

Name	Nature of business	Effective holding % of Ordinary Shares	Country	Registered address
Wise Switzerland AG	Dormant	100%	Switzerland	Oberneuhofstrasse 6, 6340 Baar, Switzerland
Wise ILS Ltd	Online currency exchange service	100%	Israel	POINT BY AZRIELI, Azrieli Sarona Tower, 121 Menachem Begin Street, Floor 59, Office 72. Tel Aviv, 6701203
Wise Nuqud Ltd	Online currency exchange service	100%	United Arab Emirates	WeWork @ Hub71, 15-141, level 15, Al Khatem Tower, Adgm Square, Al Maryah Island, Abu Dhabi
Wise Payments Canada Inc	Online currency exchange service	100%	Canada	99 Bank Street, Suite 1420, Ottawa, ONK1P 1H4, Canada
Wise US Inc	Online currency exchange service	100%	USA	30 W. 26th St, Sixth Floor, New York NY, NY 10010
Wise Brasil Corretora de Cambio Ltda	Online currency exchange service	100%	Brazil	WeWork Alameda Rio Claro, 241, 5th floor, Bela Vista, São Paulo, 01332-010
TransferWise Brasil Correspondence Cambial e Pagamentos Ltd	Dormant	100%	Brazil	Avenida Paulista, 2537, 10th floor, sala 102, Bela Vista, São Paulo, São Paulo, 01311-300
Wise Brasil Instituição de Pagamento Ltda.	Online currency exchange service	100%	Brazil	WeWork Alameda Rio Claro, 241, 5th floor, Bela Vista, São Paulo, 01332-010
Wise Chile SpA	Dormant	100%	Chile	Rosario Norte 407, Office 1601, Las Condes
Wise Pagos Mexico, S.A. de C.V.	Dormant	100%	Mexico	WeWork Reforma Latino Montecito 38, piso 37 oficina 30, Colonia Narvarte, WTC México, Ciudad de México, Campeche, 03810
Wise Australia Pty Ltd	Online currency exchange service	100%	Australia	Level 15, 390 St Kilda Road, Melbourne, VIC 3004
Wise China Ltd	Online currency	100%	China	WeWork Fuhui, 26 Qi Xia Lu Pudong New District, Shanghai, 200120

	exchange service			
Wise Payments Hong Kong Ltd	Online currency exchange service	100%	Hong Kong	WeWork, Room 47-105, 47/F., Lee Garden One, 33 Hysan Avenue, Causeway Bay
Wise Payments India Private Ltd	Online currency exchange service	100%	India	TEC, Level 7, B wing, The Capital, G-Block Bandra, Kurla Complex, Bandra (East) Mumbai, Mumbai City, MH, 400051
PT Wise Payments Indonesia	Online currency exchange service	100%	Indonesia	GoWork, Plaza Indonesia Mall, Lantai 5, Jl. M. H. Thamrin Kav 28-30 RT. 009 RW. 005, Gondangdia, Menteng, Menteng, Kota Adm., Jakarta Pusat, DKI Jakarta, 10350
Wise Payments Japan K.K.	Online currency exchange service	100%	Japan	FINOLAB, 4th Level 1-6-1, Otemachi, Chiyoda-ku, Tokyo, 100-0004
Wise Payments Malaysia Sdn. Bhd.	Online currency exchange service	100%	Malaysia	Level 13A-6, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur
Wise Pilipinas Inc.	Dormant	100%	Philippines	WeWork, 30th Floor, Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, Bel-Air, Makati City, 1226
Wise Asia-Pacific Pte Ltd	Online currency exchange service	100%	Singapore	1 Paya Lebar Link #13-06 – #13-08, PLQ 2, Paya Lebar Quarter, Singapore 408533
Wise Payments Korea Ltd	Dormant	100%	South Korea	WeWork Yeouido Station, 22F, 83 Uisadang-daero, Yeouidodong, Seoul
Wise Payments (Thailand) Ltd	Dormant	100%	Thailand	999/9, The Offices at Central World, Common ground zone, G Floor, Unit C08, Rama I Road, Pathumwan Sub-district, Pathumwan District, Bangkok
Vaho Forex Private Ltd	Dormant	100%	India	4/55 Wea Saraswati Marg, Karol Bagh, Delhi 110005, India
Wise Payments South Africa (Pty) Ltd	Dormant	100%	South Africa	WeWork, 155 West Street, Sandown, Sandton, Gauteng, South Africa, 2031
Wise Europe SA	Online currency exchange service	100%	Belgium	Rue du Trône 100/Lvl 3, Ixelles, 1050 Brussels
Wise Payments Holdings (Thailand) Limited	Dormant	99.99%	Thailand	No. 87/1 Capital Tower All Seasons Place, 16th Floor, Unit 1 1604- 6, Witthayu Road, Lumphini, Pathumwan, Bangkok

The movement in the subsidiaries undertakings during the financial year to 31 March 2023 is provided below:

	2023 £m	2022 £m
Beginning of the period	**43.1**	**31.8**
Additions	29.4	10.1
Disposals	-	(0.2)
Capital contributions regarding employee services in subsidiaries	-	1.4
Impairment charge on investment in Vaho Forex Private Ltd	(2.0)	-
End of the period	**70.5**	**43.1**

During the year, the Company proceeded with new investments of total £16.6m: £8.4m in Wise Australia Pty Ltd and £8.2m in Wise US Inc and residual amounts in Wise Payments South Africa(Pty) Ltd and Wise Payments Malaysia Sdn. Bhd. In addition, the Company increased the share capital of subsidiaries by £12.8 m: Wise Europe SA by £7.1m, Vaho Forex Private Ltd by £2.2m, Wise Payments India Private Ltd by £1.1m, Wise Payments Malaysia Sdn. Bhd by £1.0m, Wise Brasil Instituição de Pagamento Ltda by £0.9m, Wise Thailand Holdings by £0.4m and Wise Pagos Mexico, S.A. de C.V by £0.1m.

In the comparative year, the Company proceeded with new investments of total £3.6m: £2.0m in Vaho Forex Private Ltd, £1.4m in Wise Pilipinas Inc. and the remaining £0.2m in Wise China Ltd, Wise Payments Korea Ltd, Wise Payments Thailand and Wise Chile SpA. In addition, the Company increased the share capital of subsidiaries by £6.5 m: Wise Europe SA by £4.5m, Wise Payments Malaysia Sdn. Bhd. by £0.9m, Wise Brasil Pagamentos Ltda by £0.8m and Wise Asia-Pacific Pte Ltd by £0.3m; and added a capital contribution by issuing share options to all subsidiaries in total by £1.4m.

Note 13. Trade and other receivables

	2023 £m	2022 £m
Non-current trade and other receivables		
Office lease deposits	2.0	0.4
Other non-current receivables	15.3	13.3
Total non-current trade and other receivables	**17.3**	**13.7**
Current trade and other receivables		
Receivables from payment processors	13.4	17.3
Collateral deposits	43.5	31.2
Prepayments	15.5	5.4
Receivable from Group companies	332.4	181.8
Other receivables *	27.0	7.5
Total current trade and other receivables	**431.8**	**243.2**

*Net of expected credit loss provision of £10.6m as at 31 March 2023 (2022: £9.9m). The movement in the year is predominantly related to increased activity and the corresponding increase in customer balances; this resulted in the increase of overdrawn customer's balances older than 30 days. Customer chargebacks increased by £0.7m to £1.2m at 31 March 2023 (31 March 2022: £0.5m) and overdrawn accounts increased by £6.5m to £9.3m (31 March 2022: £2.8m).

Amounts due from Group companies are unsecured, interest free and are repayable on demand.

The carrying values of current trade receivables approximate their fair values because these balances are expected to be cash settled in the near future unless a provision is made.

Note 14. Financial assets at fair value through other comprehensive income

Short-term financial investments are recognised as debt investments at FVOCI and comprise the following investments in listed bonds:

	2023	2022
	£m	£m
Short-term financial investments - level 1		
Listed bonds	2,993.5	1,192.4
Total short-term financial investments	**2,993.5**	**1,192.4**

During the period, the following (losses)/gains were recognised in other comprehensive income:

	2023	2022
	£m	£m
Debt investments at FVOCI		
Fair value losses recognised in other comprehensive income	(8.2)	(22.6)
Recognition of deferred tax asset on listed bonds	2.5	5.4
Total fair value losses in other comprehensive income	**(5.7)**	**(17.2)**

Note 15. Cash and cash equivalents

	2023	2022
	£m	£m
Cash and cash equivalents		
Cash at banks, in hand and in transit between Group bank accounts*	2,075.1	2,028.3
Cash in transit to customers**	84.7	50.9
Investment into money market funds	-	50.1
Total cash and cash equivalents	**2,159.8**	**2,129.3**

* Cash in transit between Group bank accounts represents liquidity movements in the process of interbank clearing.

** Cash in transit to customers represents cash that has been paid out from the Group bank accounts but has not been delivered to the bank account of the beneficiary.

As at 31 March 2023, in addition to other highly liquid assets, such as money market funds and investment grade bonds, the Company held £1,450.5m (2022: 1,746.0m) of cash at bank in segregated, safeguarded bank accounts to secure customer deposits.

Note 16. Trade and other payables

	2023	2022
	£m	£m
Non-current trade and other payables		
Non-current accruals	21.7	14.2
Total non-current trade and other payables	**21.7**	**14.2**
Current trade and other payables		
Outstanding money transmission liabilities*	54.5	52.7
Wise accounts	4,624.1	3,036.5
Accounts payable	6.5	3.2
Accrued expenses	30.0	21.7
Deferred revenue	3.5	2.3
Payables to Group companies	213.6	138.2
Loan payables to Group companies	5.0	-
Other payables	55.9	23.7
Total current trade and other payables	**4,993.1**	**3,278.3**

* Money transmission liabilities represent transfers that have not yet been paid out or delivered to a recipient.

Payables to Group companies are unsecured, interest free and are usually paid within 30 days of recognition.

Loan payables to Group companies are unsecured. The rate of interest on each loan is the percentage rate per annum which is the aggregate of the applicable Margin of 2% and Global Benchmark Rate. The interest period is 12 months with repayment terms on demand.

Trade and other payables are unsecured unless otherwise indicated; due to the short-term nature of current payables, their carrying values approximate their fair value.

Note 17. Borrowings

	2023 £m	2022 £m
Current		
Revolving credit facility	249.9	-
Lease liabilities	4.7	3.7
Total current borrowings	**254.6**	**3.7**
Non-current		
Revolving credit facility	-	78.5
Lease liabilities	6.9	10.3
Total non-current borrowings	**6.9**	**88.8**
Total borrowings	**261.5**	**92.5**

	Revolving credit facility £m	Lease liabilities £m	**Total £m**
As at 31 March 2021	**78.6**	**14.1**	**92.7**
Cash flows:			
Proceeds	43.0	-	**43.0**
Transaction costs related to revolving credit facility	(0.8)	-	**(0.8)**
Repayments	(43.0)	(2.0)	**(45.0)**
Interest expense paid	(2.8)	(0.7)	**(3.5)**
Non-cash flows:			
New leases	-	1.9	**1.9**
Interest expense	3.5	0.7	**4.2**
Foreign currency translation differences	-	-	**-**
As at 31 March 2022	**78.5**	**14.0**	**92.5**
Cash flows:			
Proceeds	529.0	-	**529.0**
Transaction costs related to revolving credit facility	(1.4)	-	**(1.4)**
Repayments	(359.0)	(3.7)	**(362.7)**
Interest expense paid	(6.5)	(0.7)	**(7.2)**
Non-cash flows:			
New leases	-	1.3	**1.3**
Interest expense	9.3	0.7	**10.0**
Foreign currency translation differences	-	-	**-**
Other lease movements	-	-	**-**
As at 31 March 2023	**249.9**	**11.6**	**261.5**

The interest expense accrued is recognised within the finance expense in the statement of profit and loss.

Revolving credit facility (RCF)

The Company has access to a multi-currency debt facility of £300.0m with maturity date in 2025 and 2 1-year, extension options. The RCF is a multi-bank facility with Silicon Valley Bank UK Limited (SVB UK), Citibank N.A., JP Morgan Chase Bank N.A., National Westminster Bank plc, Barclays Bank plc, Goldman Sachs Lending Partners LLC and Morgan Stanley Senior Funding.

The facility bears interest at a rate per annum equal to SONIA plus a margin determined by reference to adjusted leverage (calculated as a ratio of debt to adjusted EBITDA). The agreement contains certain customary covenants, including to maintain a maximum total net leverage ratio not in excess of 3:1 and interest cover (calculated as a ratio of adjusted EBITDA to finance charges in accordance with the terms of the agreement) not less than a ratio of 4:1 in respect of any relevant period.

The Company monitors compliance with the covenants throughout the reporting period. On 31 March 2023, the Company was in breach of a representation in the RCF Agreement, which meant that further draw-downs and roll-overs of credit were temporarily suspended. This technical breach was waived by lenders before the date of signing these financial statements and the facility was fully resumed.

As a result of this technical breach on 31 March and the future intention of the Company to use the facility primarily for short-term funding, the facility has been recorded as a current liability on the Company's balance sheet. The Company has complied with all financial covenants for this and all reporting periods. The undrawn amount of the facility as at 31 March 2023 was £50.0m (2022: £132.0m).

The facility is secured by certain customary security interests and pledges including over shares in certain Group entities (Wise plc, Wise Financial Holdings Ltd, Wise Payments Limited, Wise US Inc., Wise Europe SA and Wise Australia Pty Ltd), and fixed and floating pledges over assets and undertakings of the Company, excluding customer and partner funds, share capital or equity contributions maintained for regulatory purposes, cash paid into a bank or collateral account in connection with, and for the benefit of, relevant card scheme providers and assets held in safeguarded accounts or otherwise segregated for regulatory purposes.

Lease liabilities

As at 31 March 2023, the lease liabilities are £11.6m (2022 £14.0m) and relate to the expected terms remaining on office space leases discounted at between 2.51% and 5.16%. The leases expire between 2024-2025.

Note 18. Called up share capital and other reserves

	As at 31 March 2023			As at 31 March 2022		
Class	Nominal value, £	Number of shares	Share capital, £	Nominal value, £	Number of shares	Share capital, £
Class A Ordinary	-	994,589,856	383.0	-	994,589,856	383.0
Total		**994,589,856**	**383.0**		**994,589,856**	**383.0**

Other reserves
Other reserves predominantly relate to investments into highly liquid bonds measured at FVOCI. For these investments, changes in fair value are accumulated within the FVOCI reserve within equity. On disposal of these debt investments, any related balance within the FVOCI reserve is reclassified to profit or loss. Refer to note 14 for further details.

Note 19. Commitments and contingencies

The Company's minimum future payments from non-cancellable agreements as at year end are detailed below:

	2023 £m	2022 £m
Infrastructure subscriptions		
No later than 1 year	1.7	1.4
Later than 1 year and no later than 5 years	0.3	0.7
Total	**2.0**	**2.1**
Significant capital expenditure contracted		
No later than 1 year	-	-
Later than 1 year and no later than 5 years	16.1	-
Later than 5 years	23.3	-
Total	**39.4**	**-**

During the financial year, the Company entered into a contract to lease a new office facility with commencement date on 30 September 2024, for a specified term of 10 years. The lease liability and the right-of-use assets have not been recognised in the financial year to 31 March 2023.

The Company does not have any other material commitments, capital commitments or contingencies as at 31 March 2023 and 31 March 2022.

Note 20. Post balance sheet events

The Company approved and paid an interim dividend of £6m on 27 June 2023 in respect of the financial year ended 31 March 2024 to be payable to the sole shareholder Wise Financial Holdings Limited. Subsequently, Wise Financial Holdings Limited approved an interim dividend of £6.0m on 27 June 2023 in respect of the financial year ended 31 March 2024 to be payable to the sole shareholder Wise plc. The Directors of Wise Financial Holdings Limited approved that the payment was made directly from the Company to Wise plc. No other post balance sheet events have occurred since 31 March 2023.

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