

Registered number: 06324658

The Currency Cloud Group Limited

Directors' report and financial statements

For the year ended 31 December 2019



THE CURRENCY CLOUD GROUP LIMITED

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THE CURRENCY CLOUD GROUP LIMITED

Company Information

Directors	M Laven J White R Moore M Lenson A Weiskam S Ghiotti (resigned 19 June 2019) T Bevan (appointed 21 March 2019) C Ostrowski (appointed 25 July 2019)
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Company Secretary	F Tee
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Registered number	06324658
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Registered address	9 th Floor 107 Cheapside London EC2V 6DN
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Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants 1 Embankment Place London WC2N 6RH
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THE CURRENCY CLOUD GROUP LIMITED

Strategic report

For the year ended 31 December 2019

Introduction

The directors have pleasure in presenting their Strategic Report on the Group for the year ended 31 December 2019. The directors' aim is to present a balanced and comprehensive review of the development and performance of the Group's business during the year and its position at the year end. The review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties that the Group and Company faces.

Business Environment & Principal Activities

The last decade has seen payments companies around the world become champions and enablers of business; The Currencycloud Group Limited has been at the forefront of that movement and in 2019 made great progress towards cementing its future as a lead player in the industry. The Group has built and continues to strengthen its proprietary B2B2X cross-border software-as-a-service infrastructure for platforms of the future. The world of cross-border payments is complex, highly regulated and dominated by a few global banks who are closed to new entrants. The Group's vision is for its technology to simplify this, and in doing so positively impact millions of people.

A recent market research study suggests that trade and payments between companies totalled \$136 trillion in 2017, and 93% of cross border money transfers are still facilitated by banks and financial institutions using traditional methods. These services are difficult to use (they are often only provided in branch) and are expensive (typically 3-5%). The Group's APIs enable customers to embed cross-border payments into their customer experience and move money more simply, faster and at a lower cost.

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

Business Review

2019 has seen an immense amount of activity and progress for the Group, with several major milestones including the close of a Series E funding round, the launch of a major new product, as well as continued growth in revenue and the client base.

In October the Group publicly announced the launch of its ground-breaking product Currencycloud Spark. The new holistic solution enables banks and FinTechs to provide multi-currency accounts to their business customers to collect, store, convert, and pay in more than 35 currencies globally. Currently running in pilot, this solution has seen numerous customers express early interest and was launched to great media fanfare.

The Group has made substantial progress increasing the speed of payments across its global network with 40% of all SWIFT payments being delivered to beneficiaries within 5 minutes and 93% within 24 hours. The Group also invested in scale and automation initiatives, focusing in particular on technology related to regulatory compliance.

The Group also opened new offices in Amsterdam, Netherlands and Cardiff, UK. Both offices serve well as a platform for further global expansion. Alongside this, the final quarter of 2019 included initial activity for further expansion in Asia.

The Board is pleased to report another year of growth as the number of payments in the year has increased by 24% to 4.2m (2018: 3.3m). Payment value has grown by 32% to £10,270m (2018: £7,784m). Turnover increased by 33% to £27,011k (2018: £20,351k) and gross profit by 47% to £15,993k (2018: £10,862k). Administrative expenses at £26,614k (2018: £19,538k) increased 36% as we have continued to invest in recruiting staff, developing our technology infrastructure, operations services, compliance. This has led to a year end net loss after tax of £11,039k (2018: loss of £8,840k). The Group has net assets as at 31 December 2019 of £32,996k (2018: net liabilities of £4,416k). Cash and cash equivalents as at the balance sheet date are £63,576k (2018: £11,311k).

THE CURRENCY CLOUD GROUP LIMITED

Strategic report (continued) **For the year ended 31 December 2019**

As the Group continues its expansion to service customers in markets across the world, investments continue in acquiring regulatory licences and establishing local operations where appropriate. The Group's USA subsidiary, The Currency Cloud Inc, is substantially increasing its scale of operation and continues to acquire additional State regulatory licences in respect of the payments business. The Board looks to build further on the progress achieved across the Group to date and will look to increase its operations and clients internationally, developing its global product offering in the year ahead.

In order to support the continued growth and development of the company and its product, in 2019, the company raised £51.6m from a combination of new strategic and existing investors by issuing 64.4m preferred E shares. This included the conversion to equity of the loan note of £7.3m raised in May 2018, which has converted into 11.5m preferred E shares. The Group was pleased in particular to welcome new strategic investors, including major financial players such as Visa, BNP Paribas, IFC (World Bank), Siam Commercial Bank, and SBI Group. It endorses the growing enterprise-class offering the Group continues to build.

In addition, the Group was awarded £10m from the Capability and Innovation Fund, setup by the Banking Competition Remedies body with money from RBS as a result of their Government bailout in 2008. The purpose of this fund is to increase competition in the SME banking market to which Currencycloud made a number of public commitments to improve SME's ability to move money around the world.

2019 saw the group add 145 customers over the course of the year, with some notable signings including Bottomline Technologies, Orange Money, and NF Money. In addition, the Group signed a significant deal with a global top 10 bank, to be announced publicly in 2020. Several major partnerships were also signed in 2019, most noteworthy being a partnership with Visa Inc, enabling Currencycloud to bring real-time payments to the Visa customer proposition, alongside a partnership with Dwolla in the United States bringing international payment functionality to Dwolla's customer ecosystem.

Principal risks and uncertainties

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

The principal risks and uncertainties that the Group encounter include risks from banking partner activities, systems interruptions, systems breach, foreign exchange services related to extreme rate fluctuations.

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

Additionally, the Group operates in an industry subject to extensive and comprehensive regulation which has seen much change in recent years. As a result, the potential risk of non-compliance with laws and regulations increases as the Group expands its regulatory footprint. In particular, this includes the risk that the Group would execute payments on behalf of customers which contravene anti-money laundering or terrorist financing legislation.

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

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

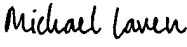
THE CURRENCY CLOUD GROUP LIMITED

Strategic report (continued)
For the year ended 31 December 2019

The Group's business model provides confidence that it will be able to weather the market volatility and uncertainty caused by COVID-19. It serves a diverse range of customers across a variety of sectors and geographies and while certain sectors will undoubtedly be negatively impacted this will not be the case for all. In addition, the series E funding round closed in 2019 raising £51.6m means the Group has a strong, liquid balance sheet and will be able to cope with any downturn in markets.

Finally, there are uncertainties from global political changes for example, the impact of Brexit on licencing and talent acquisition. In respect of these it continues to pursue additional licencing options and expand internationally.

This report was approved by the board 12th May 2020 and signed on its behalf.

DocuSigned by:

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M Laven
Director

27/5/2020 | 11:30 BST

THE CURRENCY CLOUD GROUP LIMITED

Directors' report

For the year ended 31 December 2019

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the Company is to provide new ways of managing international payments, including currency conversion services via its in-house developed cloud platform.

Branches and subsidiaries outside the UK

The Currency Cloud Group Limited has subsidiaries in the UK, US, Singapore and Netherlands. Domiciled in the UK are two subsidiary companies responsible for managing the regulated payment activity and the development and operation of the specialist technology platform.

Directors

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

M Laven

F Tee

J White

R Moore

M Lenson

A Weiskam

T Bevan (appointed 21 March 2019)

C Ostrowski (appointed 25 July 2019)

Results and dividends

The loss for the year, after taxation, amounted to £11,039k (2018: loss £8,840k).

The directors have not paid interim dividends (2018: £ Nil) and do not recommend the payment of a final dividend (2018: £ Nil).

Future developments

In 2019 the Company looks to continue to invest in its technology infrastructure and operating services, to grow its client base and continue geographic expansion.

Research and development

During the year the Group increased its expenditure on research and development to £5,133k (2018: £3,625k). Consistent with its accounting policy, the Group has written off this expenditure in the year incurred together with related product development and management costs.

Employees

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

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

THE CURRENCY CLOUD GROUP LIMITED

Directors' report (continued) **For the year ended 31 December 2019**

Directors' indemnities

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

Risk management

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

Operational Risk

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

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

Financial Risk

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

Liquidity Risk

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

Credit Risk

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

The Group holds cash and deposits with banks and financial institutions and will assess the credit quality of the partner, taking into account past and current factors in managing its risk.

Compliance Risk

Compliance risk is the risk of non-compliance with the anti-money laundering and terrorism financing laws the Group is subject to, which could result in loss of licenses or financial penalty. The Group manages this by having robust procedures, systems and controls to mitigate this risk.

Going Concern

In light of the COVID-19 pandemic spreading across the world, the directors have considered its impact on the going concern assumption. Given the strength of the Group's balance sheet with net assets of £32.9m and cash at bank and in hand of £63.6m, the directors have a reasonable expectation that the Company will have adequate resources to continue its operations for the foreseeable future and meet liabilities as they fall due. Thus, they continue to adopt the going concern basis in preparing the financial statements.

THE CURRENCY CLOUD GROUP LIMITED

Directors' report (continued) **For the year ended 31 December 2019**

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and Company and of the profit or loss of the Group and Company for that year. In preparing the financial statements, the directors are required to:

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

- select suitable accounting policies and then apply them consistently,
- state whether applicable United Kingdom Accounting Standards, comprising FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements,
- make judgments 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 Group and Company will continue in business.

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

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

Disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

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


Post balance sheet events

Disclosures of post balance sheet events have been made in note 27.

Independent Auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been appointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever the earlier.

This report was approved by the board on 12th May 2020 and signed on its behalf.

DocuSigned by:

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M Laven
Director

27/5/2020 | 11:30 BST

THE CURRENCY CLOUD GROUP LIMITED

Independent auditors' report to the shareholders of The Currency Cloud Group Limited For the year ended 31 December 2019

Report on the audit of the financial statements

Opinion

In our opinion, The Currency Cloud Group Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2019 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: the consolidated and company statement of financial position as at 31 December 2019; the consolidated statement of comprehensive income, the consolidated cash flow statement, the consolidated and company 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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 on, 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.

THE CURRENCY CLOUD GROUP LIMITED

Independent auditors' report to the shareholders of The Currency Cloud Group Limited (continued) For the year ended 31 December 2019

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require 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 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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.

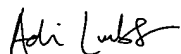
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Adri Loubser (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

27 May 2020

THE CURRENCY CLOUD GROUP LIMITED

**Consolidated statement of comprehensive income
For the year ended 31 December 2019**

	Note	2019 £'000	2018 £'000
Revenue	4	27,011	20,351
Cost of sales		(11,018)	(9,489)
Gross profit		15,993	10,862
Administrative expenses		(26,614)	(19,538)
Operating loss	5	(10,621)	(8,676)
Finance income	10	7	2
Finance costs	11	(421)	(199)
Loss before taxation		(11,035)	(8,873)
Tax on loss	12	(4)	32
Loss for the financial year		(11,039)	(8,840)
Movement on foreign exchange reserve		(86)	14
Movement on other reserve		(3,027)	-
Other comprehensive (expense)/income for the year		(3,113)	14
Total comprehensive expense for the year		(14,152)	(8,826)

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

The Parent Company has elected to take the exemption under section 408 of the Companies Act not to present the Company income statement.

The notes on pages 15 to 30 are an integral part of these financial statements.

THE CURRENCY CLOUD GROUP LIMITED

**Consolidated statement of financial position
As at 31 December 2018**

Company Registration number: 06324658

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	13	<u>470</u>	<u>503</u>
		470	503
Current assets			
Debtors	15	16,989	12,728
Cash at bank and in hand	16	<u>63,576</u>	<u>11,311</u>
		80,565	24,038
Creditors: amounts falling due within one year	17	(46,847)	(26,432)
Net current assets/liabilities		<u>33,718</u>	<u>(2,394)</u>
Total assets less current assets		<u>34,188</u>	<u>(1,891)</u>
Creditors: amounts falling due after more than one year	18	(1,192)	(2,525)
Net assets/liabilities		<u><u>32,996</u></u>	<u><u>(4,416)</u></u>
Capital and reserves			
Called up share capital	21	23	17
Share premium account	23	94,324	42,766
Foreign exchange reserve	23	(112)	(26)
Other reserves	23	(2,798)	229
Profit and loss account	22	<u>(58,441)</u>	<u>(47,402)</u>
Total equity		<u><u>32,996</u></u>	<u><u>(4,416)</u></u>

The notes on pages 16 to 30 are an integral part of these financial statements.

The financial statements on pages 10 to 30 were authorised for issue by the Board of Directors on 12th May 2020 and were signed on its behalf by:

DocuSigned by:



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M Laven

Director

27/5/2020 | 11:30 BST

THE CURRENCY CLOUD GROUP LIMITED

Company statement of financial position
As at 31 December 2018


Company Registration number: 06324658

	Note	2019 £'000	2018 £'000
Fixed assets			
Investments	14	<u>5,024</u>	<u>1,528</u>
		5,024	1,528
Current assets			
Debtors	15	72,369	56,194
Cash at bank and in hand	16	<u>39,644</u>	<u>3,459</u>
		112,013	59,653
Creditors: amounts falling due within one year	17	(33,985)	(25,225)
Net current assets		78,028	34,428
Total assets less current liabilities		83,052	35,956
Creditors: amounts falling due after more than one year	18	(1,192)	(2,525)
Net assets		<u>81,860</u>	<u>33,431</u>
Capital and reserves			
Called up share capital	21	23	17
Share premium account	23	94,324	42,766
Foreign exchange reserve	23	-	-
Other reserves	23	(2,798)	229
Profit and loss account	22	<u>(9,689)</u>	<u>(9,581)</u>
Total equity		<u>81,860</u>	<u>33,431</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The loss after tax of the parent Company for the year was £108k (2018: loss of £898k).

The notes on pages 16 to 30 are an integral part of these financial statements.

The financial statements on pages 10 to 30 were authorised for issue by the Board of Directors on 12th May 2020 and were signed on its behalf by:

DocuSigned by:

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M Laven

Director

27/5/2020 | 11:30 BST

THE CURRENCY CLOUD GROUP LIMITED

**Consolidated statement of changes in equity
For the year ended 31 December 2019**

	Called up share capital	Share premium account	Foreign exchange reserve	Other reserve	Profit & loss account	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2018	17	42,683	(40)	229	(38,563)	4,326
Comprehensive expense for the financial year						
Loss for the financial year	-	-	-	-	(8,840)	(8,840)
Movement on foreign exchange reserve	-	-	14	-	-	14
Movement on other reserve	-	-	-	-	-	-
OCI* for the financial year	-	-	14	-	-	14
Total comprehensive expense for the financial year	-	-	14	-	(8,840)	(8,826)
Shares issued during the financial year	-	83	-	-	-	83
Total transactions with owners	-	83	-	-	-	83
At 31 December 2018	17	42,766	(26)	229	(47,402)	(4,416)
At 1 January 2019	17	42,766	(26)	229	(47,402)	(4,416)
Comprehensive expense for the financial year						
Loss for the financial year	-	-	-	-	(11,039)	(11,039)
Movement on foreign exchange reserve	-	-	(86)	-	-	(86)
Movement on other reserve	-	-	-	(3,027)	-	(3,027)
OCI* for the financial year	-	-	(86)	(3,027)	-	(3,113)
Total comprehensive expense for the financial year	-	-	(86)	(3,027)	(11,039)	(14,152)
Shares issued during the financial year	6	51,558	-	-	-	51,564
Total transactions with owners	6	51,558	-	-	-	51,564
At 31 December 2019	23	94,324	(112)	(2,798)	(58,441)	32,996

* OCI – Other Comprehensive Income

THE CURRENCY CLOUD GROUP LIMITED

Company statement of changes in equity
For the year ended 31 December 2019

	Called up share capital	Share premium account	Foreign exchange reserve	Other reserve	Profit & loss account	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2018	17	42,683	-	229	(8,683)	34,246
Comprehensive income/(expense) for the financial year						
Loss for the financial year	-	-	-	-	(898)	(898)
Movement on foreign exchange reserve	-	-	-	-	-	-
Movement on other reserve	-	-	-	-	-	-
OCI* for the financial year	-	-	-	-	-	-
Total comprehensive expense for the financial year	-	-	-	-	(898)	(898)
Shares issued during the financial year	-	83	-	-	-	83
Total transactions with owners	-	83	-	-	-	83
At 31 December 2018	17	42,766	-	229	(9,581)	33,431
At 1 January 2019	17	42,766	-	229	(9,581)	33,431
Comprehensive expense for the financial year						
Loss for the financial year	-	-	-	-	(108)	(108)
Movement on foreign exchange reserve	-	-	-	-	-	-
Movement on other reserve	-	-	-	(3,027)	-	(3,027)
OCI* for the financial year	-	-	-	(3,027)	-	(3,027)
Total comprehensive income/(expense) for the financial year	-	-	-	(3,027)	(108)	(3,135)
Shares issued during the financial year	6	51,558	-	-	-	51,564
Total transactions with owners	6	51,558	-	-	-	51,564
At 31 December 2019	23	94,324	-	(2,798)	(9,689)	81,860

* OCI – Other Comprehensive Income

THE CURRENCY CLOUD GROUP LIMITED

**Consolidated cashflow statement
For the year ended 31 December 2019**

	2019 £'000	2018 £'000
Cash flows from operating activities		
Loss for the financial year	(11,039)	(8,840)
Adjustments for:		
Foreign exchange and movement on reserves	(3,113)	15
Depreciation of tangible assets	247	233
Interest paid	421	199
Interest received	(7)	(2)
Taxation received	(1,092)	(797)
Decrease/(Increase) in debtors	(6,799)	(1,493)
Increase in creditors	17,971	378
Increase in client money	10,000	-
Movement on client margin	(3,217)	2,335
Net cash generated from/(used in) operating activities	3,372	(7,972)
Cash flows from investing activities		
Purchase of tangible assets	(214)	(229)
Interest received	7	2
Net cash used in investing activities	(207)	(227)
Cash flows from financing activities		
Issue of preference shares	51,565	83
New secured loans	-	5,141
Advance payment on loan	-	(331)
Other new loans	-	7,300
Repayment of other loans	(2,134)	(1,616)
Interest paid	(421)	(199)
Net cash generated from financing activities	49,010	10,378
Net increase in cash and cash equivalents	52,175	2,179
Cash and cash equivalents at beginning of year	11,311	9,131
Cash and cash equivalents at the end of the year	63,486	11,311
Cash and cash equivalents at the end of the year comprise:		
Cash at bank and in hand	63,486	11,311
	63,486	11,311

Excluded from the consolidated cash flow statement is restricted funds of £90k held as collateral under one of the Group's lease agreements.

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements For the year ended 31 December 2019

1. General information

The Currency Cloud Group Limited ('the Company') and its subsidiaries (together 'the Group') provide international payments and currency conversion services via in-house developed technology. This platform is offered to White Label Partners as well as being offered as an Application Program Interface (API).

The Company is a private limited company, which is limited by shares and incorporated in England. The address of the registered office is 9th Floor, 107 Cheapside, London EC2V 6DN.

2. Accounting policies

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

The following principal accounting policies have been applied:

2.1. Basis of preparation

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

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

2.2. Going concern

The directors have a reasonable expectation the Group will have adequate financial resources to continue its operations and meet its liabilities as they fall due for the foreseeable future and for a period of 12 months from the date of signature of the financial statements.

The directors considered the impact of COVID-19 on the going concern assumption. Given the strength of the Group's balance sheet with net assets of £32.9m and cash at bank and in hand of £63.6m they believe this assumption still holds. Accordingly, the financial statements are prepared on a going concern basis.

2.3. Revenue

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

Revenue comprises of platform setup and usage fees, transactional fees and commissions. Foreign exchange transactions are recognised on a trade date basis and platform setup and usage fees, transactional fees and commissions are recognised on an accruals basis. The cost of transacting currency including commissions are treated as a cost of sale.

2.4. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. 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.

Computer equipment	- Straight line over 3 years
Office fit out	- Straight line over 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2019

2. Accounting policies (continued)

2.5. Debtors

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

2.6. Cash at bank and in hand

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

The Company holds client money on behalf of clients in accordance with client money rules of the Financial Conduct Authority (firm reference number: 900199). Client monies held in segregated bank accounts in accordance with regulations and the corresponding liabilities to these clients are not recognized in the balance sheet because monies are held in trust and the Company is not beneficially entitled to them. The amount of these monies is disclosed in Note 17 of the financial statements.

2.7. Financial instruments

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

(i) Financial assets

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

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

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

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

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

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

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2019

2. Accounting policies (continued)

2.7. Financial instruments (continued)

(ii) Financial liabilities (continued)

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 until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate unless they are included in a hedging arrangement.

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

2.8. Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortized cost using the effective interest method.

2.9. Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash at bank and in hand are presented in the Statement of comprehensive income within finance costs. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'administrative expenses'.

2.10. Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2019

2. Accounting policies (continued)

2.11. Employee benefits

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

(i) Defined contribution pension plan

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

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

(ii) Holiday pay accrual

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

(iii) Annual bonus

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

2.12. Interest Income

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

2.13. Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.14. Provisions for liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

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

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

2.15. Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

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

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2019

2. Accounting policies (continued)

2.15. Taxation (continued)

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

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. It is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

2.16. Grants

Grants are recognised using the accrual model and shall be recognised in income on a systematic basis over the periods in which the related costs for which the grant is intended to compensate are recognised. Until such time that these costs are incurred, grants are recognised on the balance sheet as deferred income. As at 31 December 2019 this amounted to £10m.

2.17. Amounts payable to clients

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

2.18. Financial reporting standard 102 – reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of The Currency Cloud Group Limited as at 31 December 2019 and these financial statements may be obtained from The Stewardship Building 1st Floor, 12 Steward Street, London, E1 6FQ.

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

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

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

(i) Segregated client money accounts

Assessing whether segregated client money accounts, and the corresponding liability to return these funds to clients, is required to be reflected in the Balance sheet of the company requires judgement. The directors have concluded that the criteria for recognition have not been met, namely the receipt of economic benefit from funds in these financial statements, therefore have not recognised within the financial statements. Disclosure has been made of the amount in Note 17 to the financial statements.

Client money that has been insured and used for operational liquidity has been brought on balance sheet as it is considered the Group has an economic benefit from the funds. The amount of client money insured at 31 December 2019 was £10m.

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2019**3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)****(b) Critical accounting estimates and assumptions****(i) Measurement of fair value**

The Company's accounting policies requires measurement and disclosures of fair value of the Company's financial instruments. The Company when measuring fair value of its financial instruments uses techniques and estimates based on market information and discounting factors to value assets and liabilities.

4. Revenue**An analysis of revenue of business is as follows:**

	2019	2018
	£'000	£'000
Platform usage fee	11,163	7,095
Transactional fee	5,187	5,079
Commission receivable	10,661	8,177
Total Revenue	27,011	20,351

An analysis of revenue by geography is as follows:

	2019	2018
	£'000	£'000
Africa	379	268
Americas	1,992	2,582
Asia	2,402	1,506
Continental Europe	4,208	1,791
United Kingdom	18,030	14,204
Total Revenue	27,011	20,351

5. Operating Loss

	2019	2018
	£'000	£'000
The operating loss is stated after charging/crediting:		
Research & development charged as an expense	5,133	3,625
Depreciation of tangible fixed assets	247	233
Fees payable to the Group's auditors and their associates for the audit of:		
the Group, the Company and its subsidiaries annual financial statements	135	85
Exchange differences	65	(91)
R&D tax credit	(968)	(1,588)
Other operating lease rentals	989	886

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2019**6. Auditors' remuneration**

	2019	2018
	£'000	£'000
Fees payable to the Group's auditors and their associates for the audit of the Group's annual financial statements	<u>84</u>	<u>48</u>
	84	48
Fees payable to the Group's auditors and their associates in respect of:		
The auditing of financial statements of associates of the Group pursuant to legislation	51	37
All other non-audit services not included above	<u>27</u>	<u>88</u>
	78	125

7. Employee costs

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

	2019	2018
	£'000	£'000
Wages and salaries	14,467	10,721
Social security costs	1,670	1,298
Other pension costs	<u>485</u>	<u>301</u>
	16,622	12,320

8. Employee numbers

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

	2019	2018
	No.	No.
Directors	1	1
Sales	57	46
Marketing	20	17
Technology	65	58
Operations	26	18
Finance	8	8
Compliance	<u>27</u>	<u>20</u>
	204	168

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2019**9. Directors' remuneration**

	2019	2018
	£'000	£'000
Directors' emoluments	<u>425</u>	274
	<u>425</u>	<u>274</u>

The directors of the Company receive all their remuneration from another Group entity, The Currency Cloud Services Limited. Disclosure of directors' remuneration can therefore be found in the financial statements of this Company. 15% of these costs are recharged to the Company.

The highest paid director received remuneration of £397k (2018: £250k). The highest paid director receives no pension from the Company. The highest paid director exercised no share options during the year (2018: 1,000k shares, £58k).

10. Finance income

	2019	2018
	£'000	£'000
Other interest receivable	<u>7</u>	2
	<u>7</u>	<u>2</u>

11. Finance costs

	2019	2018
	£'000	£'000
Bank interest payable	<u>421</u>	199
	<u>421</u>	<u>199</u>

12. Tax on loss

	2019	2018
	£'000	£'000
Corporation tax		
Current tax on loss for the financial year	<u>4</u>	(32)
Total current tax	<u>4</u>	<u>(32)</u>

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2019**12. Tax on loss (continued)****Factors affecting tax charge for the year**

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

	2019	2018
Company	£'000	£'000
Loss before tax	<u>(109)</u>	<u>(898)</u>
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(21)	(171)
Effects of:		
Expenses not deductible	10	(4)
Effects of group relief/other reliefs	11	25
Deferred tax not provided	-	150
Total tax charge for the financial year	<u>-</u>	<u>-</u>

	2019	2018
Group	£'000	£'000
Loss before tax	(11,035)	(8,873)
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(2,097)	(1,693)
Effects of:		
Deferred tax not recognised	1,658	1,523
R&D expenses not subject to tax	635	452
Income not taxable	(215)	(307)
Expenses not deductible	32	12
Other permanent differences	(23)	(5)
Fixed asset differences	9	10
Foreign tax - other	3	(10)
Adjustment from previous periods	-	(19)
Other movements	2	6
Total tax charge for the financial year	<u>4</u>	<u>(32)</u>

There were no factors that may affect future tax charges.

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2019

13. Tangible assets

Group	Computer equipment £'000	Office fit out £'000	Total £'000
Cost or valuation			
At 1 January 2019	586	844	1,430
Additions	181	33	214
At 31 December 2019	767	877	1,644
Accumulated depreciation			
At 1 January 2019	447	480	927
Depreciation charged	114	133	247
At 31 December 2019	561	613	1,174
Net book value			
At 31 December 2019	206	264	470
At 31 December 2018	139	364	503

14. Investments

Company	Investments in subsidiary companies £'000s 2019	Investments in subsidiary companies £'000s 2018
Cost or valuation		
At 1 January 2019	1,528	1,528
Additions	3,496	-
At 31 December 2019	5,024	1,528
Net book value	5,024	1,528

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2019

14. Investments (continued)

Name	Registered Address	Principal Activity	Class of Share	Country of Incorporation
The Currency Cloud Limited	12 Steward Street, London, E1 6FQ	Foreign exchange and international payments	Ordinary	UK
The Currency Cloud Services Limited	12 Steward Street, London, E1 6FQ	In house specialist technology platform	Ordinary	UK
The Currency Cloud Inc.	20th Floor, 104 Fifth Avenue, NY 10001	Foreign exchange and international payments	Ordinary	USA
Currency Cloud PTE. Ltd	6 Battery Road, #10-01, 049909 Singapore	Non-trading	Ordinary	Singapore
Currency Cloud B.V.	296-298 Nieuwezijds Voorburgwal, 1012 RT Amsterdam	Foreign exchange and international payments	Ordinary	Netherlands
Currency Cloud Services B.V.	298 Nieuwezijds Voorburgwal, 1012 RT Amsterdam	Non-trading	Ordinary	Netherlands

15. Debtors

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Due after more than one year				
Other debtors	440	416	-	-
	440	416	-	-
Due within one year				
Trade debtors	1,765	1,310	-	-
Amounts owed by group undertakings	-	-	72,360	56,085
Other debtors	7,966	3,578	-	14
Derivative financial assets	4,866	5,545	-	-
Prepayments	860	501	9	95
Accrued income	1,092	1,378	-	-
	16,549	12,312	72,369	56,194
	16,989	12,728	72,369	56,194

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

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2019**16. Cash at bank and in hand**

	Group	Group	Company	Company
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Cash at bank and in hand	63,576	11,311	39,644	3,459
	63,576	11,311	39,644	3,459

Excluded from the cash at bank and in hand is an amount of £111,612k (2018: £90,697) held in segregated client accounts subject to safeguarding restrictions. As per the Company's accounting policies, these funds are not deemed to have met the criteria for recognition.

Included in the cash at bank and in hand is insured client money of £10,000k (2018: £0k) that has been insured and used for operational liquidity. As per the Group's accounting policies, these are deemed to have met the criteria for recognition.

Also included in the cash at bank and in hand are restricted funds of £90k held as collateral under one of the Group's lease agreements.

17. Creditors: amounts falling due within one year

	Group	Group	Company	Company
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank Loans and overdrafts	1,643	2,442	1,641	2,442
Trade creditors	2,030	783	479	(2)
Amounts owed to group undertakings	-	-	21,804	15,348
Taxation and social security	715	416	(12)	-
Other creditors	13,019	15,215	-	7,300
Client Money	10,000	-	-	-
Derivative financial liabilities	4,866	5,545	-	-
Accruals	1,695	1,591	73	137
Deferred income	12,879	440	10,000	-
	46,847	26,432	33,985	25,225

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

Included in bank loans and overdrafts is a debenture of £1.6m Kreos Capital V (UK) Limited hold over the Company and have fixed or floating charge over the assets of the Company and its subsidiaries.

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

	Group	Group	Company	Company
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Other loans	1,192	2,525	1,192	2,525
	1,192	2,525	1,192	2,525

Included in the Group and Company loan balances in the above is a re-classification of the 2018 balance shown in the prior year accounts. The balance shown in the prior year note is £1,975k. No adjustment is required to the Statement of Financial Position.

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2019**19. Loans**

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Bank loans	2,834	4,967	2,834	4,967
	2,834	4,967	2,834	4,967

20. Financial Instruments

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
Financial assets				
Financial assets that are debt instruments				
Measured at amortised cost				
Trade debtors	1,765	1,310	-	-
Amounts owed by group undertakings	-	-	72,360	56,085
Accrued income	1,092	1,377	-	-
Other debtors due within one year	7,966	3,578	-	14
Other debtors due after more than one year	440	416	-	-
	11,263	6,681	72,360	56,099
Financial liabilities				
Financial liabilities				
Measured at amortised cost				
Trade creditors	(2,030)	(783)	(479)	2
Taxation and social security	(715)	(416)	(12)	-
Bank loans	(2,834)	(4,967)	(2,834)	(4,967)
Other creditors	(13,019)	(15,215)	-	(7,300)
Accruals	(1,695)	(1,591)	(73)	(137)
Amounts owed to group undertakings	-	-	(21,804)	(15,348)
	(20,293)	(22,972)	(25,202)	(27,750)

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

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

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2019**20. Financial Instruments (continued)****Derivative financial assets**

	Group	Group	Company	Company
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Financial assets measured at fair value	4,866	5,545	-	-
Financial liabilities measured at fair value	(4,866)	(5,545)	-	-
	-	-	-	-

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

At 31 December 2019 the fair value of forward exchange assets at fair value was £4,866k (2018: £5,545k) and the fair value of forward exchange liabilities at fair value was £4,866k (2018: £5,545k)

21. Called up share capital

Allotted, called up and fully paid	Number of shares			
	2019	2018	2019	2018
Class and nominal value			£'000	£'000
Ordinary A shares of £0.0001 each	17,041,509	16,792,029	2	2
Ordinary B shares of £0.0001 each	7,357,340	7,357,340	1	1
A Preferred shares of £0.0001 each	33,704,870	33,704,870	3	3
B Preferred shares of £0.0001 each	25,246,649	25,246,649	3	3
C Preferred shares of £0.0001 each	40,000,000	40,000,000	4	4
D Preferred shares of £0.0001 each	44,444,444	44,444,444	4	4
E Preferred shares of £0.0001 each	64,737,887	-	6	-
	232,532,699	167,545,332	23	17

In the event of a distribution of assets on a liquidation or return of capital, the surplus of assets remaining after payment of liabilities shall be applied to the classes of shares in the following manner. A Preferred and B Ordinary shares will receive an amount equal to their preference amount or issue prices respectively or have the option to convert to an A ordinary share. B, C and D Preferred shares will receive an amount equal to its preference amount while also participating in the distribution of the remaining surplus in conjunction with the A Ordinary shares. Further information can be found in the company's Articles of Association filed at Companies House.

EMI Scheme

The Company operates an Employee Management Incentive scheme, whereby employees have been granted options to purchase shares in the Company. There are no requirements to be satisfied in order for the options to vest. Options lapse on the tenth anniversary of the date on which they were granted. Options are to be settled, upon payment by the option holder of the exercise price, with the allotment of shares in the Company.

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2019

21. Called up share capital (continued)

Options table

	No.	2019 Weighted average exercise price	No.	2018 Weighted average exercise price
	('000)	£	('000)	£
Opening Option pool	19,913	0.058	21,336	0.058
Increase in option pool	11,476	0.058	-	0.058
Exercised options	(276)	0.058	(1,423)	0.058
Closing Option pool	31,113	0.058	19,913	0.058

22. Profit and loss account

This reserve comprises all current and prior year retained profits and losses after deducting any distributions made to the Company's shareholders.

23. Reserves

This reserve comprises all current and prior year retained profits and losses after deducting any distributions made to the Company's shareholders.

24. Pension commitments

The Company operates a defined contribution pension scheme. The pensions cost charge represents contributions payable by the Company to the fund and amount to £485k (2018: £301k). As at 31 December 2019, £67k (2018: £45k) was outstanding.

25. Related party transactions

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

26. Ultimate controlling party

There is no majority shareholding in the share capital of the Company and therefore there is considered to be no one controlling party.

27. Post balance sheet events

At the beginning of 2020, a new coronavirus (COVID-19) began spreading across China and has since spread across a significant number of countries. It was declared a global pandemic by the World Health Organisation on 11 March 2020. This is therefore considered to be a non-adjusting post balance sheet event. Given the uncertainties around the spread of COVID-19 its impact on the Group can not be quantified at this stage.