

Registered number: 06324658

The Currency Cloud Group Limited

Annual Report and Financial Statements

For the year ended 31 December 2017

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THE CURRENCY CLOUD GROUP LIMITED

Company Information

Directors	N Verdon (resigned 13 April 2017) M Laven J White R Moore N R Shaikh M Lenson A Weiskam
Company secretary	F Tee
Registered number	06324658
Register office	9 th Floor, 107 Cheapside, London, England, EC2V 6DN
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditor 1 Embankment Place London WC2N 6RH

THE CURRENCY CLOUD GROUP LIMITED

Strategic report

For the year ended 31 December 2017

Introduction

The directors have pleasure in presenting their Strategic Report on the Group for the year ended 31 December 2017. 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 Activity

The Group is building the world's most trusted payments platform that can be easily integrated into the next generation of business payment companies. The world of cross-border payments is complex and highly regulated, and the Group's vision is for its technology to simplify this, and in doing so positively impact millions of people.

The cross-border payments market is vast, and customers continue to be under-served by traditional payment methods, especially in the business to business space. 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 move money more simply, faster and at lower cost.

The Group serves payment companies and financial institutions looking to build cross-border products. These companies are re-imagining how money flows round the digital economy and are building significant market share, displacing traditional players. The market opportunity 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

During the year the Group has continued to develop its payments platform and grow its client base across US, Asia and European markets. The Group has added a substantial new product line, Global Collections, which enables customers to create international bank account numbers for the receipt of funds in the United States and 19 Eurozone countries. In addition, the Group has introduced significant enhancements to the customer experience, enabling customers to self-serve across a range of functions and pull deeper reporting, as well as improving the end user compliance onboarding process. To support the continued transaction growth, the Group has restructured significant parts of its infrastructure and code base, including migration of the technology stack to Amazon Web Services.

These continued investments result in growth in transactions to around 300,000 per month, continuing the doubling of volumes year on year. The Board is pleased to report another year of growth as the number of payments in the year has increased by 93% to 2.9m (2016: 1.5m). Payment value has grown by 45% to £6,297m (2016: £4,340m). Turnover increased by 82% to £13,643k (2016: £7,502k) and gross profit by 80% to £6,932k (2016: £3,860k). Administrative expenses at £17,752k (2016: £13,886k) increased 28% as we have continued to invest in recruiting staff, developing our technology infrastructure, operations services, compliance and the addition of new office premises. This has led to a year end net loss after tax of £10,866k (2016: £9,936k). The Group has net assets as at 31 December 2017 of £4,326k (2016: £4,633k). Cash and cash equivalents as at the balance sheet date are £9,131k (2016: £17,730k).

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.

THE CURRENCY CLOUD GROUP LIMITED

Group strategic report (continued) For the year ended 31 December 2017

To support this continued investment in growth, in early 2017 the Group raised £10.5 million of investment funds from its existing investors and GV Europe by issuing an additional 23.3 million preferred D shares. The Group has also extended its debt facility by an additional £5 million, which it has not yet drawn. This funding together with the commitment of its shareholders and prospect of further funding as needed, will provide the Group with adequate financial resources to finance its growth plans to profitability.

During the year, the Group completed a major refactoring of its payments platform including changing the infrastructure related to managing its foreign exchange conversions along with upgrading its cloud provider, to deliver enhanced performance, improved resilience and efficiency. As a result of the infrastructure changes on the conversions, costs have been identified relating to prior years. These have been allocated to prior years resulting in an adjustment to the opening reserves at 1 January 2016 of £2,583k. These are described in Note 2 to the financial statements.

Principal risks and uncertainties

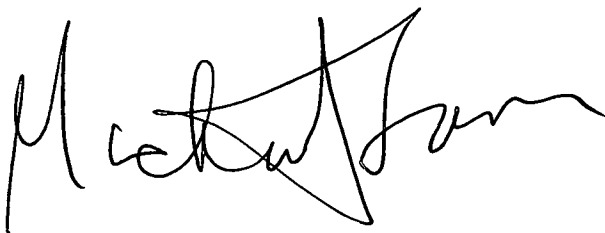
The Group is committed to operating appropriate governance for a business of its size and activities. Its risk appetite is set by the Board. The Group is committed to delivering its growth and innovation without exposing customers to unacceptable risks.

The principal risks and uncertainties that the Group encounter include risks from banking partner activities, systems interruptions, systems breach and 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, 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 its operations internationally.

This report was approved by the board on 3rd May 2018 and signed on its behalf.



M Laven
Director

30th May 2018

THE CURRENCY CLOUD GROUP LIMITED

Directors' report

For the year ended 31 December 2017

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2017.

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 and Singapore. The UK has two subsidiary companies including 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;

N Verdon (resigned 13 April 2017)

M Laven

J White

R Moore

N R Shaikh

M Lenson

A Weiskam

Results and dividends

The loss for the year, after taxation, amounted to £10,866k (2016: loss £9,936k).

The directors have not paid interim dividends (2016: £ Nil) and do not recommend the payment of a final dividend (2016: £ Nil).

Future developments

In 2018 the Company looks to continue to invest in its technology infrastructure and operating services and to grow its client base as continue geographic expansion.

Research and Development

During the year the Group increased its expenditure on research and development to £2,421k (2016: £1,737k). 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 2017

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.

Going Concern

The directors have a reasonable expectation that the Group 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.

Directors' responsibilities statement

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

THE CURRENCY CLOUD GROUP LIMITED

Directors' report (continued)

For the year ended 31 December 2017

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

No post balance sheet events of any materiality have occurred.

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 3rd May 2018 and signed on its behalf.



M Laven
Director

30th May 2018

THE CURRENCY CLOUD GROUP LIMITED

Independent auditors' report to the shareholders of The Currency Cloud Group Limited
For the year ended 31 December 2017

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 2017 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 Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and Company statements of financial position as at 31 December 2017; the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated and Company statements 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 when:

- 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.

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.

THE CURRENCY CLOUD GROUP LIMITED

Independent auditors' report to the shareholders of the Currency Cloud Group Limited (continued) For the year ended 31 December 2017

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 2017 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 set out on page 4 - 6, 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

30 May 2018

THE CURRENCY CLOUD GROUP LIMITED

Consolidated statement of comprehensive income For the year ended 31 December 2017

		2017	2016
		£'000	Restated £'000
Revenue	4	13,643	7,502
Cost of sales		(6,711)	(3,642)
Gross profit		6,932	3,860
Administrative expenses		(17,752)	(13,886)
Operating loss	5	(10,820)	(10,026)
Finance income	10	7	7
Finance costs	11	(283)	(385)
Loss before taxation		(11,096)	(10,404)
Tax on loss	12	230	468
Loss for the financial year		(10,866)	(9,936)
Movement on foreign exchange reserve		14	(1)
Movement on shared based payment reserve options		48	126
Other comprehensive income for the year		62	125
Total comprehensive expense for the year		(10,804)	(9,811)
Non-controlling interests		-	-
Owners of the parent Company		(10,866)	(9,936)
		(10,866)	(9,936)

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 34 are an integral part of these financial statements.

THE CURRENCY CLOUD GROUP LIMITED

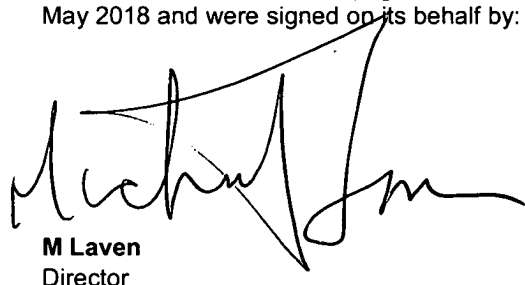
**Consolidated statement of financial position
As at 31 December 2017**

Company Registration Number: 06324658

		2017	2016
	Note	£'000	Restated £'000
Fixed assets			
Tangible assets	13	<u>507</u>	<u>615</u>
		507	615
Current assets			
Debtors	15	7,497	3,404
Cash at bank and in hand	16	<u>9,131</u>	<u>17,730</u>
		16,628	21,134
Creditors: amounts falling due within one year	17	(12,468)	(15,516)
Net current assets		<u>4,160</u>	<u>5,618</u>
Total assets less current liabilities		<u>4,667</u>	<u>6,233</u>
Creditors: amounts falling due after more than one year	18	(341)	(1,600)
Net assets		<u><u>4,326</u></u>	<u><u>4,633</u></u>
Capital and reserves			
Called up share capital	21	17	14
Share premium account	22	42,683	32,095
Foreign exchange reserve	22	(40)	(54)
Other reserves	22	229	275
Profit and loss account	22	<u>(38,563)</u>	<u>(27,697)</u>
Total equity		<u><u>4,326</u></u>	<u><u>4,633</u></u>

The notes on pages 15 to 34 are an integral part of these financial statements.

The financial statements on pages 9 to 34 were authorised for issue by the Board of Directors on 3rd May 2018 and were signed on its behalf by:


M Laven
Director

30th May 2018

THE CURRENCY CLOUD GROUP LIMITED

**Company statement of financial position
As at 31 December 2017**

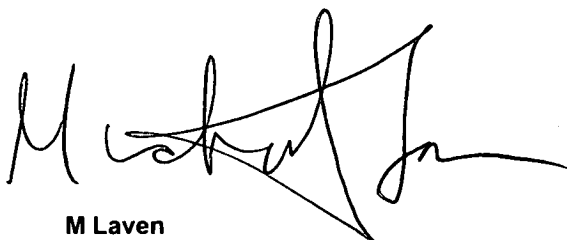
Company Registration Number: 06324658

	Note	2017 £'000	2016 £'000
Fixed assets			
Investments	14	<u>1,528</u>	<u>1,529</u>
		1,528	1,529
Current assets			
Debtors	15	35,113	18,459
Cash at bank and in hand	16	<u>3,500</u>	<u>9,475</u>
		38,613	27,934
Creditors: amounts falling due within one year	17	(5,554)	(1,272)
Net current assets		33,059	26,662
Total assets less current liabilities		34,587	28,191
Creditors: amounts falling due after more than one year	18	(341)	(1,600)
Net assets		<u>34,246</u>	<u>26,591</u>
Capital and reserves			
Called up share capital	21	17	14
Share premium account	22	42,683	32,095
Foreign exchange reserve	22	-	(137)
Other reserves	22	229	275
Profit and loss account	22	<u>(8,683)</u>	<u>(5,656)</u>
Total equity		<u>34,246</u>	<u>26,591</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 £3,027k (2016: loss of £2,870k).

The notes on pages 15 to 34 are an integral part of these financial statements.

The financial statements on pages 9 to 34 were authorised for issue by the Board of Directors on 3rd May 2018 and were signed on its behalf by:



M Laven
Director

30th May 2018

THE CURRENCY CLOUD GROUP LIMITED

Consolidated statement of changes in equity
For the year ended 31 December 2017

	Share capital	Share premium account	Foreign exchange reserve	Other reserve	Profit & loss account	Equity attributable to owners of parent Company	NCI*	Total equity
	£'000	£'000	£'000	£'000	Restated £'000	Restated £'000	Restated £'000	Restated £'000
At 1 January 2016	12	22,575	(6)	149	(17,808)	4,922	7	4,929
Comprehensive expense for the financial year	-	-	-	-	(9,936)	(9,936)	-	(9,936)
Loss for the financial year	-	-	-	-	(9,936)	(9,936)	-	(9,936)
Movement on foreign exchange reserve	-	-	(1)	-	-	(1)	-	(1)
Movement on other reserve	-	-	-	(26)	-	(26)	-	(26)
Movement on SBP* reserve options	-	-	-	152	-	152	-	152
Other movement	-	-	(47)	-	47	-	(7)	(7)
Other comprehensive expense for the financial year	-	-	(48)	126	47	125	(7)	118
Total comprehensive expense for the financial year	-	-	(48)	126	(9,889)	(9,811)	(7)	(9,818)
Shares issued during the financial year	2	9,520	-	-	-	9,522	-	9,522
Total transactions with owners	2	9,520	-	-	-	9,522	-	9,522
At 31 December 2016	14	32,095	(54)	275	(27,697)	4,633	-	4,633
At 1st January 2017	14	32,095	(54)	275	(27,697)	4,633	-	4,633
Comprehensive expense for the financial year	-	-	-	-	(10,866)	(10,866)	-	(10,866)
Loss for the financial year	-	-	-	-	(10,866)	(10,866)	-	(10,866)
Movement on foreign exchange reserve	-	-	14	-	-	14	-	14
Movement on other reserve	-	-	-	(94)	-	(94)	-	(94)
Movement on SBP* reserve options	-	-	-	48	-	48	-	48
Other comprehensive income for the financial year	-	-	14	(46)	-	(32)	-	(32)
Total comprehensive expense for the financial year	-	-	14	(46)	(10,866)	(10,898)	-	(10,898)
Shares issued during the financial year	3	10,588	-	-	-	10,591	-	10,591
Total transactions with owners	3	10,588	-	-	-	10,591	-	10,591
At 31 December 2017	17	42,683	(40)	229	(38,563)	4,326	-	4,326

THE CURRENCY CLOUD GROUP LIMITED

Company statement of changes in equity
For the year ended 31 December 2017

	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 2016	12	22,575	-	149	(2,786)	19,950
Comprehensive expense for the financial year						
Loss for the financial year	-	-	-	-	(2,870)	(2,870)
Movement on foreign exchange reserve	-	-	(137)	-	-	(137)
Movement on other reserve	-	-	-	(26)	-	(26)
Movement on SBP* reserve options	-	-	-	152	-	152
OCI* for the financial year	-	-	(137)	126	-	(11)
Total comprehensive expense for the financial year	-	-	(137)	126	(2,870)	(2,881)
Shares issued during the financial year	2	9,520	-	-	-	9,522
Total transactions with owners	2	9,520	-	-	-	9,522
At 31 December 2016	14	32,095	(137)	275	(5,656)	26,591
At 1 January 2017	14	32,095	(137)	275	(5,656)	26,591
Comprehensive expense for the financial year						
Loss for the financial year	-	-	-	-	(3,027)	(3,027)
Movement on foreign exchange reserve	-	-	137	-	-	137
Movement of other reserve	-	-	-	(94)	-	(94)
Movement on SBP* reserve options	-	-	-	48	-	48
Other movement	-	-	-	-	-	-
OCI* for the financial year	-	-	137	(46)	-	91
Total comprehensive expense for the financial year	-	-	137	(46)	(3,027)	(2,936)
Shares issued during the financial year	3	10,588	-	-	-	10,591
Total transactions with owners	3	10,588	-	-	-	10,591
At 31 December 2017	17	42,683	-	229	(8,683)	34,246

*OCI = Other Comprehensive Income

*SBP = Share Based Payment

THE CURRENCY CLOUD GROUP LIMITED

Consolidated statement of cash flows
For the year ended 31 December 2017

	2017	2016
	£'000	Restated £'000
Cash flows from operating activities		
Loss for the financial year	(10,866)	(9,936)
Adjustments for:		
Foreign exchange and movement on reserves	(79)	-
Depreciation of tangible assets	237	178
Loss on disposal of tangible assets	-	1
Share based payments	48	126
Interest paid	283	347
Interest received	(7)	(7)
Taxation paid	(230)	(770)
Increase in debtors	(1,510)	(1,232)
Increase in creditors	1,272	2,095
Movement on client margin	(3,566)	7,231
(Decrease)/increase in Infrastructure costs payable	(3,339)	1,440
Derivative fair value adjustment	(38)	38
Net cash used in operating activities	(17,796)	(489)
Cash flow from investing activities		
Purchase of tangible assets	(129)	(606)
Sale of tangible asset	-	5
Interest received	7	7
Net cash used in investing activities	(122)	(594)
Cash flow from financing activities		
Issue of ordinary shares	10,592	9,522
New secured loans	-	-
Other new loans	-	2,261
Repayment of other loans	(990)	-
Interest paid	(283)	(347)
Net cash generated from financing activities	9,319	11,436
Net (decrease)/increase in cash and cash equivalents	(8,599)	10,353
Cash and cash equivalents at beginning of year	17,730	7,377
Cash and cash equivalents at the end of the year	9,131	17,730
Cash and cash equivalents at the end of the year comprise:		
Cash at bank and in hand	9,131	17,730
	9,131	17,730

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements For the year ended 31 December 2017

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. Accordingly, the financial statements have been 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.

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2017

2. Accounting policies (continued)

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.

Depreciation is provided on the following basis:

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.

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 amortised cost using the effective interest method, less any impairment.

2.6. Cash and cash equivalents

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 current liabilities.

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

2.7. Financial instruments

(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, unless the arrangement constitutes a financing transaction, where the transaction is measured at a present value of the future receipts discounted at a market rate of interest.

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

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

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2017

2. Accounting policies (continued)

2.7. Financial instruments (continued)

(i) Financial assets (continued)

If there is a 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.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(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.

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 capitalised 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 derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2017

2. Accounting policies (continued)

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 amortised cost using the effective interest method.

2.9. Foreign currency translation

(i) Functional and presentation currency

The Group financial statements are presented in pound sterling and rounded to thousands.

The Company's functional and presentational currency is pound 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 and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.10. Finance costs

Finance costs are charged to the Consolidated 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 2017

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group 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 Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

(iii) Annual bonus

The Group 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.

(iv) Share based payment

The Group provides share-based payment arrangements to certain employees.

Equity-settled arrangements are measured at fair value (excluding the effect on nonmarket based vesting conditions) at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

Where equity-settled arrangements are modified, and are of benefit to the employee, the incremental fair value is recognised over the period from the date of modification to date of vesting. Where a modification is not beneficial to the employee there is no change to the charge for share-based payment. Settlements and cancellations are treated as an acceleration of vesting and the unvested amount is recognised immediately in the income statement.

The Group has no cash-settled arrangements.

2.12. Interest income

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

2.13. Borrowing costs

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

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2017

2. Accounting policies (continued)

2.14. Provisions for liabilities

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

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation and are measured at the best estimate at the Statement of financial position 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 Statement of financial position.

2.15. Taxation

Tax is recognised in the Consolidated 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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits,
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met, and
- where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.16. 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.

2.17. Research and development

Research and development expenditure is written off in the year in which it is incurred.

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2017

2. Accounting policies (continued)

2.18. Operating leases: The Group as a lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.19. Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.20. Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of financial position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated statement of comprehensive income over the remaining vesting period.

The Company recognises the share-based payment expense based on the entity the employees are paid by. The corresponding credit is recognised in retained earnings as a component of equity. Where the Company is charged for the cost of share-based payments arrangements the amounts are treated as a reduction in the capital contribution.

2.21. Basis of consolidation

The consolidated financial statements present the results of The Currency Cloud Group Limited and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquirer's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2017

2.22. Prior Year Restatements

During the year, the Company completed a major refactoring of its payments platform including changing the infrastructure related to managing its foreign exchange conversions along with upgrading its cloud provider, to deliver enhanced performance, improved resilience and efficiency. As a result of the infrastructure changes on the foreign exchange conversions, costs have been identified relating to prior years. These have been allocated to prior years resulting in an adjustment to the opening reserves at 1 January 2016 of £2,583k.

The nature and effect of individual adjustments is described below and in the tables that follow.

i. **Overstatement of accrued income relating to trading profits**

In the year ended 31 December 2015, a loss of £684k was incurred on a foreign exchange transaction. Accrued income of the same amount was recognised in the year on the expectation that there was a contractual right to recover this loss. In the year ended 31 December 2016 it materialized that the contractual right to do this did not exist, leading the accrued income being written off. The restatement transfers this charge into the earlier year.

ii. **Under accrual of losses resulting from infrastructure changes**

As a result of the completion of work to restructure the process used to execute foreign exchange conversions, costs have been identified which relate to the years before this upgrade occurred.

Based on our calculation of the final cost, a prior year adjustment has been made to effect a non-current liability of £1,899k to account for the costs incurred as at 31 December 2015. This is in addition to the original provision made of £1,440k in the financial statements to 31 December 2016.

Overall, inclusive of the effect of the prior year adjustments, the Group has a total liability of £3,339k as at 31 December 2016. At this date, the non-current liability effected by the prior year adjustment becomes a current liability and is reclassified as such. The provision made in the financial statements to 31 December 2016 has also been reclassified to current liabilities as its amount or timing is not subject to future events as at this date.

During the current year, £3,339k of cash has been paid to settle the outstanding liability as a result of validating the balance of the segregated client accounts at 31 December 2017.

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2017

2.22. Prior Year Restatements (continued)

A summary of the combined impact of the prior year adjustments on the Consolidated statement of comprehensive income for the year ended 31 December 2016 and on the Consolidated statement of financial position as at 31 December 2016 and 1 January 2016 arising from the restatement is as follows:

Consolidated statement of financial position as at 31 December 2015

	31 December 2015 As published £'000	Accrued income £'000	Infrastructure costs £'000	31 December 2015 Restated £'000
Tangible fixed assets	187	-	-	187
Debtors: amounts falling due within one year	2,085	(684)	-	1,401
Cash at bank and in hand	7,377	-	-	7,377
Current assets	9,462	(684)	-	8,778
Creditors: amounts falling due within one year	(2,137)	-	-	(2,137)
Net current assets	7,325	(684)	-	6,641
Provisions	-	-	(1,899)	(1,899)
Net assets/(liabilities)	7,512	(684)	(1,899)	(4,929)
Called up share capital	12	-	-	12
Share premium	22,575	-	-	22,575
FX reserve	(6)	-	-	(6)
Other reserves	149	-	-	149
Profit and loss account	(15,225)	(684)	(1,899)	(17,808)
Total equity	7,505	(684)	(1,899)	4,922
Non-controlling interest	7	-	-	7
	7,512	(684)	(1,899)	4,929

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued)
For the year ended 31 December 2017

2. Accounting policies (continued)

2.22. Prior Year Restatements (continued)

Consolidated statement of financial position as at 31 December 2016

	31 December 2016 As published £'000	Prior year infrastructure costs £'000	Current year infrastructure costs £'000	31 December 2016 Restated £'000
Tangible fixed assets	615	-	-	615
Debtors: amounts falling due within one year	3,404	-	-	3,404
Cash at bank and in hand	17,730	-	-	17,730
Current assets	21,134	-	-	21,114
Creditors: amounts falling due within one year	(11,515)	(1,899)	(1,440)	(14,854)
Net current assets	9,618	(1,899)	(1,440)	6,279
Creditors: amounts falling due after more than one year	(2,261)	-	-	(2,261)
Provisions	(1,440)	-	1,440	-
Net assets/(liabilities)	6,532	(1,899)	-	4,633
Called up share capital	14	-	-	14
Share premium account	32,095	-	-	32,095
Foreign exchange reserve	(54)	-	-	(54)
Other reserves	275	-	-	275
Profit and loss account	(25,798)	(1,899)	-	(27,697)
Total equity	6,532	(1,899)	-	4,633

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2017

2. Accounting policies (continued)

2.22. Prior Year Restatements (continued)

Consolidated statement of comprehensive income for year ended 31 December 2016

	As published £'000	Accrued income £'000	Restated £'000
Revenue	7,502	-	7,502
Cost of Sales	(4,326)	684	(3,642)
Gross Profit	3,176	684	3,860
Administrative expenses	(13,886)	-	(13,886)
Operating (loss)/profit	(10,710)	684	10,026
Interest receivable and similar income	7	-	7
Interest payable and expenses	(385)	-	(385)
(Loss)/profit before tax	(11,088)	684	(10,404)
Tax on (loss)/profit	468	-	468
(Loss)/profit for the year	(10,620)	684	(9,936)

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 judgemental in applying the entity's accounting policies:

(i) Going concern

The directors consider the Company to be a going concern, for the reasons as detailed in Note 2.2 to these financial statements.

(ii) Deferred tax

Assessing whether the Company will have sufficient available profits in the future to utilise taxable trade losses against requires judgment. The directors have decided that there is no certainty that taxable profits will be earned in the foreseeable future, and therefore have decided not to recognise a deferred tax asset in these financial statements. Further details of the trade losses are included in Note 12.

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2017

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

(b) Critical accounting estimates and assumptions

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on economic utilisation and physical condition of the assets. See Note 13 for the carrying amount of the property, plant and equipment and Note 2.4 for the useful economic lives for each class of asset.

(ii) Accrued and deferred income and expenses

It represents income in respect of commissions from open forward currency contracts during the year that remain open at the year end. The management's judgment is involved in the estimate of accrual and deferral of income and their completeness.

(iii) 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.

(iv) Provisions

Provisions for trading profit and loss are based on the expectation that the Company's forward contract hedged positions have been historically affected by fluctuations in the currency markets.

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2017

4. Revenue	2017	2016
	£'000	£'000

An analysis of revenue of business is as follows:

Platform usage fee	5,323	3,633
Transactional fee	2,690	1,589
Commission receivable	5,614	2,250
Other revenue	16	30
Total Revenue	13,643	7,502

An analysis of revenue by geography is as follows:

	2017	2016
	£'000	£'000
Africa	102	22
Americas	989	565
Asia	690	372
Continental Europe	815	607
United Kingdom	11,047	5,936
Total Revenue	13,643	7,502

5. Operating loss	2017	2016
	£'000	£'000

The operating loss is stated after charging:

Research & development charged as an expense	2,421	1,737
Depreciation of tangible fixed assets	237	178
Fees payable to the Group's auditors and their associates for the audit of: the Group, the Company and its subsidiaries annual financial statements	85	41
Exchange differences	189	272
Other operating lease rentals	602	659

6. Auditors' remuneration	2017	2016
	£'000	£'000

Fees payable to the Groups' auditors and their associates for the audit of the Group's annual financial statements

42	9
42	9

Fees payable to the Groups' auditors and their associates in respect of:

The auditing of financial statements of associates of the Group pursuant to legislation.
All other non-audit services not included above

43	32
5	4
48	36

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2017

7. Employee costs

2017	2016
£'000	£'000

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

Wages and salaries	8,217	6,991
Social security costs	1,033	811
Other pension costs	268	119
Share based payment	48	152
	<u>9,566</u>	<u>8,073</u>

8. Employee numbers

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

	2017 No.	2016 No.
Directors	1	3
Sales	34	28
Marketing	16	12
Technology	27	22
Operations	12	8
Finance	10	6
Compliance	12	8
	<u>112</u>	<u>87</u>

9. Directors' remuneration

2017	2016
£'000	£'000

Directors' emoluments	245	530
	<u>245</u>	<u>530</u>

The highest paid director received remuneration of £221k (2016: £212k). One director exercised 240k options during the year with a fair value of £0.084. The highest paid director receives no pension from the Company. One Director received £11k for compensation for loss of office.

10. Finance income

2017	2016
£'000	£'000

Other interest receivable	7	7
	<u>7</u>	<u>7</u>

11. Finance costs

2017	2016
£'000	£'000

Derivative fair value adjustment	-	38
Bank interest payable	283	347
	<u>283</u>	<u>385</u>

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2017

12. Tax on loss	2017	2016
	£'000	£'000

Corporation tax

Current tax on loss for the financial year	(230)	(468)
Total current tax	<u>(230)</u>	<u>(468)</u>

Factors affecting the tax charge for the financial year

The tax assessed for the year is lower (2016: higher) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are explained below:

Company	2017	2016
	£'000	£'000
Loss before tax	<u>(3,027)</u>	<u>(2,870)</u>
Loss multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	(583)	(574)
Effects of:		
Expenses not deductible	12	32
Effects of group relief/other reliefs	288	-
Deferred tax not provided	<u>283</u>	<u>542</u>
Total tax charge for the financial year	<u>-</u>	<u>-</u>

13. Tangible assets

	Computer equipment	Office fit out	Total
	£'000	£'000	£'000
Group			
Cost or valuation			
At 1 January 2017	370	564	934
Additions	119	10	129
Disposals	(23)	-	(23)
At 31 December 2017	<u>466</u>	<u>574</u>	<u>1,040</u>
Accumulated depreciation			
At 1 January 2017	252	67	319
Depreciation charged	126	111	237
Disposals	(23)	-	(23)
At 31 December 2017	<u>355</u>	<u>178</u>	<u>533</u>
Net book value			
At 31 December 2017	<u>111</u>	<u>396</u>	<u>507</u>
At 31 December 2016	118	497	615

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2017

14. Investments

Company	Investments in subsidiary companies £'000s
Cost or valuation	
At 1 January 2017	1,529
Additions	-
Disposals	(1)
At 31 December 2017	1,528
Net book value	
At 31 December 2017	1,528
At 31 December 2016	1,529

Name	Registered address	Principal activity	Class of Share	Effective Holding	Country of incorporation
The Currency Cloud Limited	12 Steward Street, London, E1 6FQ	Foreign exchange and international payments	Ordinary	100%	UK
The Currency Cloud Services Limited	12 Steward Street, London, E1 6FQ	In house specialist technology platform	Ordinary	100%	UK
The Currency Cloud Inc.	20th Floor, 104 Fifth Avenue, NY 10001	Foreign exchange and international payments	Ordinary	100%	USA
CurrencyCloud PTE. Ltd	6 Battery Road, #10-01, 049909 Singapore	Non-trading	Ordinary	100%	Singapore

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2017

15. Debtors	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Due after more than one year				
Other debtors	444	444	-	-
	444	444	-	-
Due within one year				
Trade debtors	1,009	928	-	-
Amounts owed by group undertakings	-	-	35,101	18,449
Other debtors	2,015	1,070	-	1
Prepayments	199	271	12	9
Accrued income	1,226	443	-	-
Derivative financial assets	2,604	248	-	-
	7,053	2,960	35,113	18,459
	7,497	3,404	35,113	18,459

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

16. Cash at bank and in hand	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Cash at bank and in hand	9,131	17,730	3,500	9,475
	9,131	17,730	3,500	9,475

Excluded from the Group cash and cash equivalents is an amount of £71,506k held in segregated client accounts subject to safeguarding restrictions. As per the Group's accounting policies, these funds are not deemed to have met the criteria for recognition.

17. Creditors: amounts falling due within one year

	Group 2017 £'000	Group 2016 £'000 Restated	Company 2017 £'000	Company 2016 £'000
Bank Loans and overdrafts	1,432	1,163	1,432	1,163
Trade creditors	840	458	25	11
Amounts owed to group undertakings	-	-	3,859	-
Corporation tax	-	-	-	-
Other taxation and social security	319	224	-	-
Infrastructure costs payable	-	3,339	-	-
Other creditors	4,982	8,094	-	-
Accruals	1,951	1,711	238	98
Deferred income	340	240	-	-
Derivative financial liabilities	2,604	287	-	-
	12,468	15,516	5,554	1,272

Amounts owed to group undertakings are repayable on demand and do not bear interest. Kreos Capital V (UK) Limited hold a debenture over the Group comprised of two loan facilities signed on the 18th February 2016 (€3.9m) and 30 December 2017 (€5.7m). The first facility is due to be fully repaid during 2019 and carries a 10.5% interest rate. The second facility was undrawn at 31 December 2017 and carries a 10% interest rate.

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2017

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

	Group	Group	Company	Company
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Other loans	341	1,600	341	1,600
	341	1,600	341	1,600

19. Loans

	Group	Group	Company	Company
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Bank loans	1,773	2,763	1,773	2,763
	1,773	2,763	1,773	2,763

20. Financial instruments

	Group	Group	Company	Company
	2017	2016	2017	2016
	£'000	Restated £'000	£'000	£'000
Financial assets				
Financial assets that are debt instruments				
Measured at amortised cost				
Trade debtors	1,009	928	-	-
Amounts owed by group undertakings	-	-	35,101	18,449
Accrued income	1,226	443	-	-
Other debtors due within one year	2,015	1,070	-	1
Other debtors due after more than one year	444	444	-	-
	4,694	2,885	35,101	18,450

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

	Group	Group	Company	Company
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Financial assets measured at fair value	2,604	248	-	-
Financial liabilities measured at fair value	(2,604)	(286)	-	-
	-	(38)	-	-

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

Financial assets and liabilities measured at fair value comprise fair value derivative assets and liabilities.

Derivate financial assets

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

At 31 December 2017 the fair value of forward exchange assets at fair value was £2,604k (2016: £248k) and the fair value of forward exchange liabilities at fair value was £2,604k (2016: £286k). The net change in fair value of the derivative assets and derivative liabilities, being the difference between the value of contract date and the value at year end, was £ Nil (2016: £38k).

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2017

21. Called up share capital

Allotted, called up and fully paid	Number of shares		2017 £'000	2016 £'000
	2017	2016		
Class and nominal value				
Ordinary A shares of £0.0001 each	15,371,699	13,440,734	2	1
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	21,111,111	4	2
	166,125,002	140,860,704	17	14

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.

Options table

	2017		2016	
	No.	Weighted average exercise price	No.	Weighted average exercise price
	('000)	£	('000)	£
Opening Option pool	20,888	0.058	21,267	0.058
Increase in option pool	2,000	0.058	-	0.058
Exercised options	(1,552)	0.058	(379)	0.058
Closing Option pool	21,336	0.058	20,888	0.058

There were awards of 1,552k (2016: 379k) that were exercised during the year. The option pool was increased by 2,000k.

During the year 3,620k parallel options were issued to replace existing stock options.

Fair value is the restricted market value less exercise price. The fair value of a single Ordinary Share is £0.084 less the exercise price £0.058. No adjustment was made for the expected volatility in the share price as this is expected to be minimal, by the nature of the Company. There was not considered to be any other features of the grant that affect the fair value.

The total expense for the year was £48k (2016: £152k), and no liability (2016: £ Nil) is outstanding in respect of share-based payments as at 31 December 2017.

Contained within the figures stated above are awards granted by the Company which are not included in the EMI scheme as recognised by Her Majesty's Revenue & Customs. These awards differ from the remainder of the awards in no other way apart from the Unapproved Scheme rules.

THE CURRENCY CLOUD GROUP LIMITED

Notes to the financial statements (continued) For the year ended 31 December 2017

22. Reserves

Share premium account

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

Foreign exchange reserve

This reserve comprises translation difference arising on the translation of financial statements of the Group's foreign entities into sterling,

Other reserves

This reserve comprises legal fees incurred supporting previous fundraising rounds and the share option reserve.

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.

Called up share capital

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

23. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £265k (2016: £119k). At the balance sheet date £31k (2016: £22k) remained unpaid and it is included in other creditors.

24. Commitments under operating leases

At 31 December 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £'000	2016 £'000
Not later than 1 year	890	728
Later than 1 year and not later than 5 years	3,829	2,887
Later than 5 years	2,270	3,349
Total	6,989	6,964

25. 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.

26. Related party disclosure

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 counterparty undertaking is a wholly owned member of the Group.