



REVOLUT LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018





COMPANY INFORMATION

Directors
N Storonsky
V Yatsenko
D D Waterhouse
M B A Mignot
C L Britton (appointed 8 March 2019)
B E Wallace (appointed 8 March 2019)

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GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Business Review

At Revolut, we are committed to our mission: Helping our customers improve their financial health, providing them with greater control and promoting financial inclusion right across the communities in which we operate. The two pillars of our vision for the future of banking underpin all our strategic initiatives:

- A single platform for all the financial needs of the modern consumer
- A truly global digital bank

Revolut aims to create a single platform where consumers can see and manage all of their finances in one place through a user-friendly interface. We believe that having all-round visibility of expenditures, savings and investments will put our customers back in control of their financial health. Every consumer whose bank does not currently meet the needs of their modern lifestyle is our target. Consumers travel and relocate increasingly often in this interconnected world, and Revolut believes their money should be as mobile as they are. We are committed to ensuring that their Revolut account works wherever they are.

Our Tech

The group has continued to invest in technology infrastructure, improving its product offering and user experience. Since day one we built a flexible infrastructure in house, unburdened by legacy IT systems or physical branches. Also, developing a multi-currency architecture from scratch gives us a competitive advantage in this respect. Our strong presence across the European market gives us a head start against competitors in the Fintech and challenger bank space. The dynamic nature of this technology allows us to make enhancements with increasing speed as we receive feedback and learn more about our users.

Our People

Revolut has continued to invest significantly in the Support functions to further enhance the user experience. In 2017, the Polish branch began full scale operations to support the function of core business support, user queries and troubleshooting and in January 2018, this was extended to 24/7 support. To further our support functionality, we've opened offices in Porto and Vilnius in 2019.

To ensure we have a robust foundation to facilitate our growth we have pulled some of the top talent in the industry to enhance our governance and control framework.

Our Users

At the end of 2018, our services were enjoyed by more than 3 million customers and this growth had accelerated to 300,000 new customers per month. Following the year end our customer base continued to grow and we now have over 7 million customers.

It's not just about the numbers. Learning from our existing users is key to developing our products and ensuring positive outcomes for new and existing customers.

Our Growth

2018 was also the year we began to lay the foundations for our global expansion ambitions. Whilst we have accelerated our user growth in the UK and Europe, we commenced efforts to launch new products and new countries.

In December 2018, our application through Revolut Technologies UAB (Revolut Bank UAB) for a European Banking License was approved by the European Central Bank, along with an electronic money license through Revolut Payments UAB both of which will be operational in 2019/2020. We have already launched our public beta in Australia and are in development in Singapore, Japan, the USA & Canada.

During the year the product range was enhanced with the introduction of the Revolut Metal card, which built on the introduction of Revolut Premium, Revolut for Business, Insurance and Crypto launched in 2017. At the end of 2018, the number of supported currencies had increased to 34, including 5 cryptocurrencies:

- Revolut Premium and Metal are subscription based, allowing customers exclusive product offerings and benefits in addition to the core Revolut offering, including increased limits, global medical insurance (through Revolut Travel Ltd), airport lounge access and concierge services, additional cards, free delivery and 24/7 support.
- Revolut for Business was introduced in 2017 as a subscription-based model allowing businesses access to the Revolut platform.
- Revolut Travel Ltd enables Revolut to provide mobile phone insurance, global travel insurance and pay-per-day travel insurance based on geolocation technology.
- Revolut now offers customers exposure to 5 crypto currencies (Bitcoin Cash, Bitcoin, Litecoin, Ripple, Ethereum)
- Revolut incorporated Revolut Trading Ltd in 2018 which launched in 2019, which offers commission free trading for Metal users.
- The addition of Apple Pay to our platform was completed in Q2 2019, whilst we added 'Vaults', 'Perks' & branded cards in support of selected good causes.



Our Finances

Sustainable financial growth will be the key to delivering our vision. In 2018, we raised additional capital of £181m from a range of existing and new investors, bringing total capital raised to £248.7m. These funds are being used in support of our growth plans and allow continued investment in our systems, people and infrastructure. 2018 has seen considerable growth in the scale of our operations and revenue of the group has increased from £12.8m in 2017 to £58.2 in 2018. The increase is driven by the continuing growth in the core product offering, user base and the activity of our customers.

The principal direct costs of the business continue to be card scheme costs, acquiring costs and user acquisition costs. Due to the increasing customer base and transaction volumes we have been to obtain cost efficiencies. General administrative expenses increased from £8m in 2017 to £24m, primarily driven by staff hires with a global staff number of 633 as at 31 December 2018 compared to 312 at the prior year end. In addition to the staff based in the London head office, we now have significant numbers of staff based in our Krakow, Moscow and St Petersburg hubs.

Our Performance

Our overall key performance indicators (KPI's) are listed below. In addition to these, the management team regularly reviews and approves business specific KPIs that are used to report to monitor performance and report to investors.

- Revenue growth – increase of 354% on 2017.
- Total retail users: 3.5m (2017: 1.1m)
- Total paid users:
 - Premium: user increase of 157% on 2017
 - Metal: launched 2018.
- Total business users: increase of 641% on 2017
- Daily active customers: 284% Increase since last reporting date
- Weekly active customers: 299% Increase since last reporting date
- Volume Spend: 340% Increase since last reporting date
- Operational spend growth: increase of 189% on 2017

Principal risks and uncertainties

Macroeconomic environment risk

Revolut's business is sensitive to global macroeconomic conditions as the company's revenue is linked to the number and volume of users' transactions which in turn depend on disposable income available to the users.

Regulatory risk

Revolut operates in an industry subject to extensive and comprehensive regulation. Consequently, Revolut is exposed to many forms of risk in connection with compliance with a wide range of laws and regulations. Some examples would include breaching general organizational requirements, such as the requirement to have robust governance arrangements or failure to observe money laundering guidelines.

The management team is focused on responding effectively and timely to any changes in regulation to ensure that compliance with regulatory requirements is maintained.

Operational risk

Revolut relies heavily on its operational processes and IT and related communications systems. These processes and systems may not operate as expected, may not fulfil their intended purpose or may be damaged by disruptive events such as cybercrime or human error. The company continues to invest in robust operational systems and controls to be able to respond to unexpected events in an organised and timely manner and undertakes rigorous planning and testing. The successful execution of Revolut's strategy is heavily reliant on sourcing and retaining the right people to support the growth. Revolut continues investing heavily in strengthening its core teams across the company, including at the Executive level as well as in people engagement and culture initiatives.

Financial crime risk

The Group's activities involve significant transactions in client funds and is subject to a heightened risk of criminal activity and potential losses due to breaches of its terms of business by its customers (e.g. use of false identity to open an account or card cloning). In order to address this type of risk Revolut has robust KYC and AML procedures, and performs ongoing monitoring of transactions. Revolut is committed to maintaining a control environment that enables it to respond effectively to emerging financial crime threats as the company continues to grow. In particular, the financial crime governance is also being enhanced to factor in geographical expansion into new markets and the complexities it will bring.

Foreign exchange risk

As Revolut is providing its customers with foreign exchange services, the company has exposure to fluctuations in currency exchange rates. The Revolut card can be used in 120 currencies and float in over 20 currencies including GBP, USD and EUR. The company monitors its exposure in real time and performs hedging transactions when appropriate.

E-Money risk

Revolut issues electronic-money (e-money) to its customers and as such must comply with legal and capital requirements in the way it handles customer money. Revolut monitors its adherence to legislation in complying with safeguarding and capital requirements.

**Cyber Risk**

As a digital app-only financial services provider, a principal risk for Revolut relates to cyber security threats which could result in access to Revolut systems or customer and payment data. Alongside the advanced security features, it provides to customers via the app, Revolut has also implemented several technical and organisational controls to reduce these risks; including automated continuous security testing, a companywide training and threat simulation programme and regular external testing and audit activities. As demonstrated through Revolut's commitment to implementing industry leading security features into the banking service, including location-based card security features and 3-domain secure (3DS) push notifications, it takes security seriously to ensure stakeholders can trust the service.

Cryptoasset risk

Revolut offers customers the ability to purchase an exposure to a range of crypto currencies however the crypto currencies themselves are owned by Revolut. The cryptocurrencies are held in one of two currency exchanges and can be in either 'hot' (connected to the internet) or 'cold' (not connected to the internet) wallets. Revolut takes the security of the crypto currency extremely seriously and has robust systems in place to prevent unauthorised access.

Breaches of data security

Revolut handles significant amounts of personal data, such as name, address and bank account details of its customers and therefore must comply with strict data protection and privacy laws and regulations. Revolut continues to invest in its digital platforms and is focused on building resilient and secure technologies in order to prevent breaches of data security. Additionally, Revolut performs regular penetration testing to ensure the robustness of systems.

Uncertainties

Given the continuing, inherent uncertainties around Britain's referendum to exit the European Union ('Brexit'), Revolut is actively undertaking arrangements to enable the seamless user experience across the EEA if the current passporting rights cease to be available.

This report was approved by the board on 27 September 2019 and signed on its behalf.

N Storonsky
Director



**REVOLUT LTD
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 for that period.

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

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

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

Principal activity

Revolut is authorised and regulated by the FCA under the Electronic Money Regulations ("EMR") as an authorised e-money issuer ("EMI"). The Company also exercises its rights under the Electronic Money Regulations to passport its authorisation to provide services to other European Economic Area ("EEA") states.

Revolut provides electronic money and payment services via a prepaid card, currency exchanges, peer to peer payments and cryptocurrency exposure to retail users. Revolut for Business was launched in 2017 offering the same functionality with the exception of cryptocurrency exposures.

Results and dividends

The loss for the year, after taxation, amounted to £32.8m (2017 - loss £14.8m).

Directors

The directors who served during the year were:

N Storonsky
D D Waterhouse
M B A Mignot
V Yatsenko

Directors' liabilities

The Group has indemnified all Directors of the Group against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. This qualifying third party indemnity provision was in force during the year.

Matters covered in the strategic report

The Directors have included a business review within the strategic report. Also included in the strategic report are details of the principal risks and uncertainties and a review of the key performance indicators assessed by the Directors.



Future developments

Plans for 2019 and future periods include:

- Further investment in the technology infrastructure and core product offering to Revolut customers.
- Operationalise Revolut Trading Ltd, Revolut Payments UAB and Revolut Bank UAB.
- Establishing operations in international jurisdictions including North America, Asia and Australasia whilst continuing to expand our operations across the UK and EEA.
- Further investment in the support and compliance infrastructure including increasing the scale of Poland, Portugal and Lithuania support hubs.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Auditor

BDO LLP was appointed as auditor to the Group by the Directors in accordance with section 485 (3) (c) of the Companies Act 2006.

Post balance sheet events

In September 2019, the UK companies in the Thomas Cook Group (TCG) were placed into liquidation. TCG is the parent company of White Horse Insurance Ireland (WHI), who provide insurance products to Revolut users. WHI have confirmed that they continue to operate and are not impacted by the liquidation of TCG at this time. The Board of Directors of Revolut will continue to monitor the situation but do not believe any specific action is required at the current time.

Going Concern

When preparing the financial statements the Directors have considered the Group's operational plans, forward looking forecasts and available resources. After making enquiries, the Directors have a reasonable expectation that the company and the group have adequate resources to continue in operation for the foreseeable future. Accordingly, the annual report and financial statements have been prepared on the going concern basis.

This report was approved by the board on 27 September 2019 and signed on its behalf.

N Storonsky
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REVOLUT LIMITED

Opinion

We have audited the financial statements of Revolut Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2018 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice)

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the 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 or Parent 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.

Other information

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

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

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

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

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Matthew Hopkins (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

27 September 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



REVOLUT LTD
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

		2018	2017
		£000	£000
	Note		
Revenue	5	58,240	12,832
Direct Costs		(68,319)	(19,417)
Administrative expenses		(23,975)	(8,567)
Operating loss	6	(34,054)	(15,152)
Interest receivable and similar income	9	1,107	59
Interest payable and expenses	10	(16)	(22)
Loss before taxation		(32,963)	(15,115)
Tax on loss	11	132	303
Loss for the financial year		(32,831)	(14,812)
Currency translation differences		(40)	(2)
Other comprehensive income for the year		(40)	(2)
Total comprehensive loss for the year		(32,871)	(14,814)

The notes on pages 19 to 36 form part of these financial statements.



REVOLUT LTD
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

		2018	<i>As restated</i>
		£000	2017
	Note		£000
Fixed assets			
Intangible assets (cryptoassets)	12	37,012	14,352
Tangible assets	13	3,856	416
		<u>40,868</u>	<u>14,768</u>
Current assets			
Inventories	15	3,553	592
Debtors: amounts falling due within one year	16	41,442	20,636
Cash and cash equivalents	17	1,059,001	220,914
		<u>1,103,996</u>	<u>242,142</u>
Creditors: amounts falling due within one year			
Customer liabilities	18	(927,685)	(202,273)
Current liabilities	19	(21,935)	(10,706)
Net current assets		<u>154,376</u>	<u>29,163</u>
Total assets less current liabilities		<u>195,244</u>	<u>43,931</u>
Creditors: amounts falling due after more than one year	20	(1,173)	-
Net assets		<u>194,071</u>	<u>43,931</u>
Capital and reserves			
Share premium account	24	248,677	67,534
Foreign exchange reserve	24	(42)	(2)
Other reserves	24	1,880	12
Profit and loss account	24	(56,444)	(23,613)
Equity attributable to owners of the parent Company		<u>194,071</u>	<u>43,931</u>
		<u>194,071</u>	<u>43,931</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2019.

N Storonsky
 Director

The notes on pages 19 to 36 form part of these financial statements.



REVOLUT LTD
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

		2018	As restated 2017
		£000	£000
	Note		
Fixed assets			
Intangible assets (cryptoassets)	12	37,012	14,352
Tangible assets	13	3,654	305
Investments	14	5,725	1,343
		<u>46,391</u>	<u>16,000</u>
Current assets			
Inventories	15	3,513	591
Debtors: amounts falling due within one year	16	41,337	20,849
Cash and cash equivalents	17	1,053,200	219,440
		<u>1,098,050</u>	<u>240,880</u>
Creditors: amounts falling due within one year			
Customer liabilities	18	(927,686)	(202,272)
Current liabilities	19	(24,022)	(11,082)
		<u>(951,708)</u>	<u>(213,354)</u>
Net current assets		<u>146,342</u>	<u>27,526</u>
Total assets less current liabilities		<u>192,733</u>	<u>43,526</u>
 Creditors: amounts falling due after more than one year	 20	 (1,173)	 -
Net assets		<u><u>191,560</u></u>	<u><u>43,526</u></u>
 Capital and reserves			
Share premium account	24	248,677	67,534
Other reserves	24	1,880	12
Profit and loss account	24	(58,997)	(24,020)
		<u>191,560</u>	<u>43,526</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 for the year ended 31 December 2018 amounted to £35.0m.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2019.

N Storonsky
 Director

The notes on pages 19 to 36 form part of these financial statements.



REVOLUT LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share premium account	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000	£000
At 1 January 2018	67,534	(2)	12	(23,613)	43,931
Comprehensive income for the year					
Loss for the year	-	-	-	(32,831)	(32,831)
Equity settled share-based payments	-	-	1,868	-	1,868
Currency translation differences	-	(40)	-	-	(40)
Other comprehensive income for the year	-	(40)	1,868	-	1,828
Total comprehensive income for the year	-	(40)	1,868	(32,831)	(31,003)
Shares issued during the year	181,143	-	-	-	181,143
Total transactions with owners	181,143	-	-	-	181,143
At 31 December 2018	248,677	(42)	1,880	(56,444)	194,071

The notes on pages 19 to 36 form part of these financial statements.



REVOLUT LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share premium account £000	Foreign exchange reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2017	12,195	-	4	(8,800)	3,400
Comprehensive income for the year					
Loss for the year	-	-	-	(14,814)	(14,814)
Equity settled share-based payments	-	-	8	-	8
Currency translation differences	-	(2)	-	-	(2)
Other comprehensive income for the year	-	(2)	8	-	6
Total comprehensive income for the year	-	(2)	8	(14,814)	(14,808)
Shares issued during the year	55,339	-	-	-	55,339
Total transactions with owners	55,339	-	-	-	55,339
At 31 December 2017	67,534	(2)	12	(23,613)	43,931

The notes on pages 19 to 36 form part of these financial statements.



REVOLUT LTD
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share premium account £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2018	67,534	12	(24,020)	43,526
Comprehensive income for the year				
Loss for the year	-	-	(34,977)	(34,977)
Equity-settled share-based payments	-	1,868	-	1,868
Total comprehensive income for the year	-	1,868	(34,977)	(33,109)
Contributions by and distributions to owners				
Shares issued during the year	181,143	-	-	181,143
Total transactions with owners	181,143	-	-	181,143
At 31 December 2018	248,677	1,880	(58,997)	191,560

The notes on pages 19 to 36 form part of these financial statements.



REVOLUT LTD
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share premium account	Other reserves	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2017	12,195	4	(8,867)	3,332
Comprehensive income for the year				
Loss for the year	-	-	(15,153)	(15,153)
Equity-settled share-based payments	-	8	-	8
Total comprehensive income for the year	-	8	(15,153)	(15,145)
Contributions by and distributions to owners				
Shares issued during the year	55,339	-	-	55,339
Total transactions with owners	55,339	-	-	55,339
At 31 December 2017	67,534	12	(24,020)	43,526

The notes on pages 19 to 36 form part of these financial statements.



REVOLUT LTD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	As restated 2017
	£000	£000
Cash flows from operating activities		
Loss for the financial year	(32,831)	(14,812)
Adjustments for:		
Depreciation of tangible assets	478	90
Interest paid	16	22
Interest received	(1,107)	(59)
Taxation charge	(132)	(303)
(Increase) in inventories	(2,961)	(171)
(Increase) in debtors	(20,239)	(19,182)
Increase in creditors	35,058	10,359
Increase in e-money in Issue	702,671	201,720
Net fair value losses recognised in P&L	26,501	4,911
Corporation tax (paid)/received	(350)	283
Share-based payments	1,868	8
Loss on disposal of fixed assets	-	22
Exchange difference on fixed assets	13	4
Foreign exchange difference	(45)	-
Net cash generated from operating activities	741,771	197,704
Cash flows used in investing activities		
Purchase of intangible fixed assets	(49,161)	(19,263)
Purchase of tangible fixed assets	(3,931)	(403)
Interest received	1,107	59
Net cash used in investing activities	(51,985)	(19,607)
Cash flows from financing activities		
Issue of ordinary shares	181,143	51,318
Interest paid	(16)	(1)
Convertible Loans	-	4,000
Net cash from financing activities	181,127	55,317
Net increase in cash and cash equivalents	838,082	218,602
Cash and cash equivalents at beginning of year	220,914	2,312
Foreign exchange gains and losses	5	-
Cash and cash equivalents at the end of year comprise:		
Own cash and cash equivalents	156,437	32,993
Cash held at central banks and other banks in respect of customers	902,563	187,921
	1,059,001	220,914

The notes on pages 19 to 36 form part of these financial statements.



REVOLUT LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1. General information

Revolut Ltd is a private company limited by shares and incorporated in England & Wales. The registered office is 9th Floor, 107 Cheapside, London EC2V 6DN and the principal place of business is 7 Westferry Circus, The Columbus Building 4th Floor, London E14 4HD. The principal activity is that of electronic money and payment services.

2. Accounting policies

2.1 Basis of preparation of financial statements

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.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 4).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form 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 acquiree'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.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

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 Consolidated Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income 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.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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.

User Fee Income

Fees are recognised in the Consolidated Statement of Comprehensive Income as services are provided to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured. This is typically on a settlement or completed transaction basis. Where transactions are subscription based, the Group recognises income based on a deferred calculation methodology in line with the contractual terms.

Performance based bonuses

Performance based bonuses are recognised in the Consolidated Statement of Comprehensive Income to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured. This includes assessing total performance obligations against actual and expected performance in accordance with the agreed terms.

2.5 Operating leases: The Group as 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.

2.6 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income for all instruments measured at amortised cost using the effective interest rate method to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured. Included within interest income is the interest earned on customer deposits.

2.7 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.

2.8 Research and development costs

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised to 'administrative expenses' on a straight-line basis over their expected useful economic lives, which range from 3 to 6 years.

The expected useful economic lives of development costs are estimated based on business plans which set out the development plan and time to market for the associated project.

If it is not possible to distinguish between the research phase and the development phase of an internal project the expenditure is treated as if it were all incurred in the research phase only.

2.9 Pensions

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 Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

2.10 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has 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.

2.11 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 Balance Sheet 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.

Where equity instruments are granted to persons other than employees, the Consolidated Statement of Comprehensive Income is charged with fair value of goods and services received.

2.12 Current and deferred taxation

The tax credit for the year comprises current and deferred tax. 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 credit is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company 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 Balance Sheet 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 balance sheet date.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

2.13 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

Fixtures and fittings	- 10% straight line
Office equipment	- 25% straight line
Computer equipment	- 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the average cost to produce.

At each balance sheet date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Inventories comprise of prepay cards not yet distributed to customers.

2.16 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.

2.17 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. In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.18 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.

2.19 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 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.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

2.20 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt Instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

2.21 Intangible assets (cryptoassets)

The Group's cryptoassets meet the definition of cryptocurrencies included in the FCA policy statement issued on 22 July 2019.

There remains limited guidance in respect of the treatment of cryptocurrencies under FRS 102, and as such it is appropriate to look at the guidance within IFRS.

The International Financial Reporting Interpretations Committee ("IFRIC" or "the Committee") reached an agenda decision in June 2019 in respect of the recognition and measurement of cryptocurrencies under IFRS. The agenda paper "Holdings of Cryptocurrencies" concluded that where cryptocurrencies are not held for sale in the ordinary course of business an entity applies IAS 38 (Intangible Assets). Consistent with the tentative agenda decision of March 2019, the Committee concluded that cryptocurrencies do not meet the criteria of financial assets, or cash and cash equivalents.

Therefore, in the absence of specific UK GAAP guidance, and until such time that the accounting standards and guidance in this area are revisited by policy makers, the Group recognises its cryptoassets as intangible assets in accordance with Section 13 of FRS 102.

Amortisation

The Group's cryptocurrencies, subject to annual review, are considered to have indefinite lives and as such are not subject to amortisation.

Revaluation

The cryptocurrencies that the Group holds are subject to significant trading volume on a number of cryptoasset exchanges, including trading from the cryptoassets to fiat currency. An active market has been identified for all the cryptocurrencies that the Group offers to its customers.

Therefore, cryptocurrencies are recognised at fair value using the revaluation model. Accordingly, an impairment loss on an asset that was not previously remeasured is recognised in profit or loss.

An impairment loss on a remeasured asset is recognised in other comprehensive income if the impairment loss does not exceed the amount in the revaluation surplus for that same asset. The impairment loss on a remeasured asset reduces the revaluation surplus for that asset.

The same principle applies to reversals of impairment losses.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

2.22 Related party transactions

The group has taken advantage of the exemptions under section 33.1A of FRS 102 not to disclose related party transactions with wholly owned members of the group.

3. Prior year adjustment

An adjustment has been made to the Company Balance Sheet as presented in the 2017 Financial Statements regarding the treatment of £188.0m of customer deposits. Considering the Company retains the risks and rewards of ownership over amounts deposited in partner banks for customer deposits it is correct to recognise the corresponding asset and issued electronic money liability on the Balance Sheet. Instead, only £9.5m fees earned from customer transactions were recognised in Other Debtors per the filed 2017 Financial Statements. This has been corrected as a prior period restatement in these financial statements.

A further adjustment has been made to the Company Balance Sheet as presented in the 2017 Financial Statements regarding the treatment of £14.3m of Cryptocurrency assets. Considering the Company retains the risks and rewards of ownership of these assets it is correct to recognise this asset on the Balance sheet, with a separate and corresponding liability due to customers who purchased the exposure to the Cryptoassets. This has been corrected as a prior period restatement in these financial statements

The correction of these resulted in a £197m increase in cash and cash equivalents, a £14.3m increase in Intangible assets and £202.3m increase in Customer Liabilities as reported in the 2017 Financial Statements. This adjustment has no impact on total comprehensive income for the year or brought forward retained earnings.

Group	2017 Filed	2017 Adjustment	As restated
As at 31 December	£000	£000	£000
Intangible assets (cryptoassets)	-	14,352	14,352
Debtors: amounts falling due within one year	30,156	(9,521)	20,635
Current Asset Investments	71	(71)	-
Cash and cash equivalents	23,880	197,034	220,914
Customer liabilities	-	202,273	202,273
Current liabilities	11,185	(479)	10,706

4. Judgments in applying accounting policies and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, management makes various judgments which can significantly affect the amounts recognised in the financial statements. They are also required to use certain critical accounting estimates and assumptions regarding the future that may have a significant risk of giving rise to a material adjustment to the carrying values of assets and liabilities within the next financial year. The critical judgments are considered to be the following:

Accounting for Cryptoassets

The Company's Cryptoassets all meet the definition of cryptocurrencies and these are accounted for as intangible assets using the revaluation model. The valuation of cryptocurrencies is a key source of estimation due to the volatility of prices in cryptocurrency markets. However, there would be no impact of this uncertainty on Other Comprehensive Loss for the year as the Cryptoassets and corresponding liability to customers are effectively matched.

Clawback of payment network incentives

The Company has received incentives from VISA and MasterCard, which are potentially repayable if certain conditions are not met. These conditions are based on spend volumes and transaction targets as well as card issuance targets. If the targets are not met, a proportion equivalent to the percentage below the targets is repayable by the Company.

Share based payments

The estimate of share based payments costs requires management to select an appropriate valuation model and make decisions about various inputs into the model including volatility of its own share price, the probable life of the options, the vesting date of options where non-market performance conditions have been set and the risk free interest rate.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

5. Revenue

An analysis of revenue by class of business is as follows:

	2018	2017
	£000	£000
Card Usage and Interchange Fees	41,436	11,644
Other Fees	16,804	1,188
	58,240	12,832

All revenue arose within the United Kingdom and Across the EEA.

6. Operating loss

The operating loss is stated after charging:

	2018	2017
	£000	£000
Research & development charged as an expense	5,431	2,870
Depreciation of fixed tangible fixed assets	396	91
Exchange differences	(549)	461
Other operating lease rentals	1,709	435
Defined contribution pension cost	77	17
Audit of the Parent company and consolidated Financial Statements	250	85
Audit of Subsidiaries	25	

7. Employees

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

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000	£000	£000	£000
Wages & Salaries	9,203	3,347	6,463	2,452
Share based payments	1,873	8	1,873	8
Social Security Costs	1,278	248	1,039	248
Cost of defined contribution scheme	77	17	77	17
	12,431	3,620	9,452	2,725

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

	2018	2017
	No.	No.
Staff	431	133



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

8. Directors' remuneration

	2018	2017
	£000	£000
Director emoluments	182	108
Share based payments	1,627	-
Company contributions to defined contribution pension schemes	2	1
	1,811	109

During the year retirement benefits were accruing to 2 directors (2017 - 2) in respect of defined contribution pension schemes.

Highest paid director

	2018	2017
	£000	£000
Director emoluments	81	75
Share Based Payments	1,366	-
Company contributions to defined contribution pension schemes	1	1
	1,448	76

9. Interest receivable

	2018	2017
	£000	£000
Other interest receivable	1,107	59
	1,107	59

10. Interest payable and similar expenses

	2018	2017
	£000	£000
Bank interest payable	16	1
Other loan interest payable	-	21
Convertible loan stock interest payable	-	-
	16	22



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

11. Taxation

	2018 £000	2017 £000
Corporation tax		
Current tax on profits for the year	(166)	(284)
Adjustments in respect of previous periods	20	-
	<u>(146)</u>	<u>(284)</u>
Total current tax	<u>(146)</u>	<u>(284)</u>
Deferred tax		
Origination and reversal of timing differences	14	(19)
	<u>14</u>	<u>(19)</u>
Total deferred tax	<u>14</u>	<u>(19)</u>
Taxation on loss on ordinary activities	<u>(132)</u>	<u>(303)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £000	2017 £000
Loss on ordinary activities before tax	(32,963)	(15,115)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	(6,263)	(2,910)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	48	17
Capital allowances for year in excess of depreciation	(4)	(31)
Taxes on overseas earnings	227	-
Other timing differences leading to an increase (decrease) in taxation	626	(19)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(570)	(289)
Unrelieved tax losses carried forward	5,804	2,929
Total tax credit for the year	<u>(132)</u>	<u>(303)</u>

Factors that may affect future tax charges

In 2016 the UK government announced its intention to reduce the standard corporation tax rate to 17% by 2020. The measure to reduce the rate to 19% for the financial year beginning 1 April 2017 and to 17% for the financial year beginning 1 April 2020 were substantively enacted on 26 October 2015 and 6 September 2016, respectively.

A deferred tax asset has not been recognised in respect of tax losses carried forward totalling £58m (2017: £27m) as there is insufficient evidence as to their recoverability.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Intangible assets (cryptoassets)

Group and Company	<i>As restated</i>	
	2018	2017
	£000	£000
Cost		
As at 1 January	19,263	-
Net additions/disposals	49,161	19,263
As at 31 December	68,424	19,263
Amortisation, impairment and fair value movement		
As at 1 January	(4,911)	-
Fair value movement	(26,501)	(4,911)
As at 31 December	(31,412)	(4,911)
Fair value		
As at 31 December	37,012	14,352

Cryptoassets are remeasured at the reporting date.

	<i>As restated</i>	
	2018	2017
	£000	£000
	Cost less impairment	Cost less impairment
Intangible assets (cryptoassets)	37,012	14,352

13. Tangible fixed assets

Group

	Fixtures & fittings	Office equipment	Computer equipment	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 January 2018	-	18	526	544
Additions	3,012	110	809	3,931
Exchange adjustments	-	-	(16)	(16)
At 31 December 2018	3,012	128	1,319	4,459
Depreciation				
At 1 January 2018	-	3	126	129
Charge for the year on owned assets	169	17	292	478
Exchange adjustments	-	-	(4)	(4)
At 31 December 2018	169	20	414	603
Net book value				
At 31 December 2018	2,843	108	905	3,856
At 31 December 2017	-	15	401	416



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Company

	Fixtures & fittings £000	Office equipment £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 January 2018	-	18	382	400
Additions	3,012	110	623	3,745
At 31 December 2018	3,012	128	1,005	4,145
Depreciation				
At 1 January 2018	-	3	92	95
Charge for the year on owned assets	169	17	210	396
At 31 December 2018	169	20	302	491
Net book value				
At 31 December 2018	2,843	108	703	3,654
At 31 December 2017	-	15	290	305

14. Fixed asset investments

Company

Investments in subsidiary companies

	£000
Cost or valuation	
At 1 January 2018	1,342
Additions	4,381
At 31 December 2018	5,723
Net book value	
At 31 December 2018	5,723
At 31 December 2017	1,342

The following were subsidiary undertakings of the Company. All trading subsidiary undertakings are included in the consolidation.

	Class of Shares	Holding	Principal Activity
Revolut Travel Ltd	Ordinary	100%	Insurance Intermediary
Revolut Trading Ltd	Ordinary	100%	Dormant at reporting date
OOO Revolut Technologies	Ordinary	100%	Software development
Revolut Bank UAB (Revolut Technologies UAB)	Ordinary	100%	Banking license
Revolut Payments UAB	Ordinary	100%	EMI license
Revolut Technologies Singapore Pte. Ltd	Ordinary	100%	Licensed
Revolut Technologies Inc	Ordinary	100%	Business Development
Revolut Technologies Limited	Ordinary	100%	Dormant at reporting date
Revolut Technologies Ltd	Ordinary	100%	Dormant at reporting date
Revolut Technologies Poland Sp z o.o	Ordinary	100%	Dormant at reporting date
Revolut Technologies Japan, Inc.	Ordinary	100%	Licensed



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

15. Inventories

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000	£000	£000	£000
Inventory of cards	3,553	592	3,513	591
	3,553	592	3,513	591

The difference between purchase price of inventories and their replacement cost is not material.

Inventory recognised in cost of sales during the year as an expense was £3,083,836 (2017 - £1,836,971).

An impairment loss of £447,315 (2017 - £Nil) was recognised in cost of sales against inventory during the year due to obsolete inventory.

16. Debtors

	Group	Group	Company	Company
	2018	<i>As restated</i> 2017	2018	<i>As restated</i> 2017
	£000	£000	£000	£000
Trade debtors	668	1,009	655	966
Amounts owed by group undertakings	-	-	543	288
Other debtors	7,162	3,655	6,544	3,641
Prepayments and accrued income	1,659	112	1,649	112
Amounts recoverable on long term contracts	31,945	15,842	31,945	15,842
Deferred taxation	5	18	-	-
	41,439	20,636	41,336	20,849

Other debtors include card scheme rebate accruals and R&D Tax credit paid during 2019.

Amounts recoverable on long term contracts are collateral requirements in respect of card schemes.

17. Cash and cash equivalents

	Group	Group	Company	Company
	2018	<i>As restated</i> 2017	2018	<i>As restated</i> 2017
	£000	£000	£000	£000
Own cash and cash equivalents	156,437	32,993	150,636	31,518
Cash held at central banks and other banks in respect of customers	902,563	187,921	902,563	187,921
	1,059,001	220,914	1,053,200	219,440



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

18. Customer liabilities

	Group	Group	Company	Company
	2018	2017	2018	2017
		<i>As restated</i>		<i>As restated</i>
	£000	£000	£000	£000
E-Money in issue	890,636	187,966	890,636	187,966
Customer liabilities in respect of cryptoassets	37,049	14,307	37,049	14,307
	927,685	202,273	927,685	202,273

As at the reporting date Customer liabilities in respect of Cryptoasset relates to 5 (2017: 3) cryptocurrencies recognised at the fair value equivalent of those cryptocurrencies at a weighted average price at the Group's partner exchanges.

19. Creditors: Amounts falling due within one year

	Group	Group	Company	Company
	2018	2017	2018	2017
		<i>As restated</i>		<i>As restated</i>
	£000	£000	£000	£000
Trade creditors	7,556	2,896	7,552	2,805
Amounts owed to group undertakings	-	-	1,758	175
Corporation tax	41	1	-	-
Other taxation and social security	1,121	110	1,976	511
Other creditors	3,087	5,018	3,050	4,916
Accruals and deferred income	10,128	2,681	9,684	2,676
	21,933	10,706	24,020	11,083

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

	Group	Group	Company	Company
	2018	2017	2018	2017
	£000	£000	£000	£000
Deferred rent	1,173	-	1,173	-
	1,173	-	1,173	-



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

21. Financial instruments and assets and liabilities held at fair value

<i>Financial instruments</i>	Group	<i>Group</i>	Company	<i>Company</i>
	2018	<i>As restated</i>	2018	<i>As restated</i>
	£000	£000	£000	£000
Financial Assets				
Financial assets measured at amortised cost	1,098,780	241,437	1,092,887	240,179
	1,098,780	241,437	1,092,887	240,179
Financial Liabilities				
Financial liabilities measured at amortised cost	901,280	195,880	902,997	195,862
	901,280	195,880	902,997	195,862
Non-financial assets and liabilities - held at fair value				
Other Assets				
Cryptoassets measured through other comprehensive income & FVTPL	37,013	14,352	37,013	14,352
	37,013	14,352	37,013	14,352
Other Liabilities				
Customer liabilities in respect of cryptoassets	37,049	14,307	37,049	14,307
	37,049	14,307	37,049	14,307

Financial assets measured at amortised cost comprise cash and cash equivalents including assets in respect of customers, trade debtors, other debtors and amounts receivable under long term contracts.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and e-money liabilities in respect of customers.

Fair value hierarchy

Fair value measurements using FRS 102 s11.27 fair value hierarchy are outlined below

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

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

Level 3: Inputs are unobservable for the asset or liability

All financial assets and liabilities measured at fair value through profit or loss are valued at level 1

All 5 cryptocurrencies that the Group holds are valued as level 1, valued with reference to quoted and available prices in an active market at the reporting date. As at 27 September 2019 the cryptoassets held as at 31 December 2018 have a fair value of £53.4m



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

22. Deferred taxation

Group

	2018
	£000
At beginning of year	18
Charged to profit or loss	(11)
Utilised in year	(3)
At end of year	4

	Group	Group
	2018	2017
	£000	£000
Accelerated capital allowances	4	18
	4	18



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

23. Share capital

All shares have a nominal value of £0.0000001 each.

	2018	2017
Allotted, called up and fully paid		
11,319,735 (2017 - 11,158,401) Ordinary shares	1.12	1.12
6,187,209 (2017 - 6,236,220) Preference A shares	0.62	0.62
4,989,071 (2017 - 5,023,568) Preference B shares	0.50	0.50
6,879,002 (2017 - 6,889,604) Preference C shares	0.69	0.69
5,889,877 (2017 - none) Preference D shares	0.57	-
	<u>3.50</u>	<u>2.93</u>

On 10 April 2018, 39,938 Ordinary Shares were allotted and fully paid at £0.029 each.

On 10 April 2018, 2,197 Ordinary Shares were allotted and fully paid at £0.03 each.

On 27 April 2018, 5,250,478 D Preferred Shares each were allotted and fully paid at £31.66 (USD 43.62) each.

On 14 May 2018, 479,662 D Preferred Shares each were allotted and fully paid at £31.66 (USD 43.62) each.

On 8 June 2018, 91,328 Ordinary Shares were allotted and fully paid at £0.029 each.

On 8 June 2018, 302 Ordinary Shares each were allotted and fully paid at £43.62 each.

On 8 June 2018, 45,840 Ordinary Shares, 49,011 A Preferred shares, 34,497 B Preferred Shares and 10,602 C Preferred Shares were redesignated as 45,840, 49,011, 34,497 and 10,602 D Preferred Shares respectively.

On 10 August 2018, 2,281 Ordinary Shares were allotted and fully paid at £0.029 each

On 10 August 2018, 19,787 Ordinary Shares were redesignated as 19,787 D Preferred Shares.

On 28 December 2018, 85,762 Ordinary Shares were allotted and fully paid at £0.029.

On 28 December 2018, 5,153 Ordinary Shares each were allotted and fully paid at £0.1.

At 31 December 2018 there were:

11,319,735 Ordinary Shares of £0.0000001 each, giving an ordinary share capital of £1.13
(2017: 11,158,401 Ordinary Shares of £0.0000001 each, giving an ordinary share capital of £1.12).

6,187,209 A Preferred Shares of £0.0000001 each, giving an A Preferred Share capital of £0.62
(2017: 6,236,220 A Preferred Shares of £0.0000001 each, giving an A Preferred Share capital of £0.62).

4,989,071 B Preferred Shares of £0.0000001 each, giving a B Preferred Share capital of £0.50
(2017: 5,023,568 B Preferred Shares of £0.0000001 each, giving a B Preferred Share capital of £0.50).

6,879,002 C Preferred Shares of £0.0000001 each, giving a C Preferred Share capital of £0.69
(2017: 6,889,604 C Preferred Shares of £0.0000001 each, giving a C Preferred Share capital of £0.69).

5,889,877 D Preferred Shares of £0.0000001 each, giving a D Preferred Share capital of £0.59
(2017: none).

The shares have attached to them full voting and dividend rights. On a return of assets, capital distribution will be first to each holder of Preferred Shares, in priority to all other Shareholders.



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

24. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Foreign exchange reserve

The foreign exchange reserves represent the cumulative foreign currency translation movement on the assets and liabilities of the Group's international operations at year-end exchange rates.

Other reserves

This records the fair value of equity-settled share options reserve.

Profit & loss account

This reserve records the retained earnings of the Group.

25. Share based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of nonmarket-based vesting conditions) at the date of grant. The fair value of the options granted has been calculated with reference to the Black-Scholes option pricing model. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. The range of exercise prices for the share options outstanding is between £0.03 and £0.10 with a maximum option term of 10 years. The total expense in the year ended 31 December 2018 was £1.9m (2017: £0.007m).

	Weighted average exercise price (pence) 2018	Number 2018	Weighted average exercise price (pence) 2017	Number 2017
Outstanding at the beginning of the year	2.31	2,710,693	2.17	2,425,740
Granted during the year	9.31	1,642,302	2.92	514,021
Exercised during the year	3.37	(74,002)	2.90	(202,068)
Expired/Sold during the year	6.16	(124,517)	1.98	(27,000)
Outstanding at the end of the year	3.93	4,154,476	2.31	2,710,693

Vesting Terms

1. 25% at anniversary of vesting commencement date, remainder in 36 monthly instalments commencing one year after vesting commencement date.
2. 24 monthly instalments commencing on vesting commencement date.
3. Fully Vested

	2018 £000	2017 £000
Equity settled schemes	1,873	8
	1,873	8



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

26. Pension commitments

The Group operates a defined contributions 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 £76,805 (2017: £17,252). Contributions totalling £17,086 (2017: £11,626) were payable to the fund at the balance sheet date and are included in creditors.

27. Commitments under operating leases

At 31 December 2018 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £000	Group 2017 £000
Not later than 1 year	1,451	198
Later than 1 year and not later than 5 years	5,596	373
	<u>7,047</u>	<u>571</u>

28. Transactions with Directors

At the balance sheet date, included in other debtors was a balance of £Nil owed by (2017: £990 owed by) its director N Storonsky.

29. Post balance sheet events

In September 2019, the UK companies in the Thomas Cook Group (TCG) was placed into liquidation. TCG is the parent company of White Horse Insurance Ireland (WHI), who provide insurance products to Revolut users. WHI have confirmed that they continue to operate and are not impacted by the liquidation of TCG at this time. The Board of Directors of Revolut will continue to monitor the situation but do not believe any specific action is required at the current time.

30. Controlling party

In the opinion of the directors, there was no overall controlling party throughout the year.