REVOLUT LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

COMPANY INFORMATION

Directors	Nikolay Storonsky - Executive Director Vladyslav Yatsenko - Executive Director Caroline Louise Britton - Non-Executive Director Bruce Edward Wallace - Non-Executive Director Martin James Gilbert - Chairman Ian Douglas Wilson - Non-Executive Director Michael Sidney Sherwood - Non-Executive Director
Company secretary	Thomas Bruce Hambrett
Registered number	08804411
Registered office	7 Westferry Circus Canary Wharf London E14 4HD
Independent auditors	BDO LLP 55 Baker Street London W1U 7EU

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their strategic report for Revolut Ltd. and its subsidiaries ("Revolut" or "Group") for the year ended 31 December 2019.

Principal Activity

Revolut is authorised and regulated by the FCA under the Electronic Money Regulations ("EMR") as an authorised e-money issuer ("EMI"). Revolut also exercises its passporting rights under the EMR to provide services in other European Economic Area ("EEA") states and has a number of subsidiaries which are regulated and provide similar services in non-EEA jurisdictions.

Revolut provides electronic money and payment services through a prepaid card, currency exchange, peer to peer payments and cryptocurrency exposure for retail users. Revolut Business was launched in 2017 offering a similar proposition encompassing multi-currency exchange, prepaid corporate cards, and international and domestic bank transfers to freelancers, and Small and Medium Enterprises.

Business Review

At Revolut, we are committed to our mission: helping our customers manage their financial health, providing them with greater control of their finances and promoting financial inclusion 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 to serve all the financial needs of the modern consumer
- A truly global digital bank

Revolut aims to create a single platform on which customers can see and manage all their finances in one place through a user-friendly interface. We believe that having all-round visibility of income and expenditure, savings and investments will enable our customers to be fully in control of their financial health. Our target market is every consumer whose bank does not currently meet the needs of their modern lifestyle. We recognise that consumers are increasingly mobile in the modern, interconnected world, and that their ability to manage their assets needs to be equally mobile. We are committed to ensuring that their Revolut account operates efficiently wherever they may be.

Our Tech

The group has continued to invest in our technology infrastructure, constantly improving our product offering and user experience. Since day one we have built a flexible infrastructure in-house, unburdened by legacy IT systems or physical branches. Developing a multi-currency architecture from scratch gives us a competitive advantage in this respect. Our strong presence across the European market gives us an advantage over our competitors in the Fintech and challenger bank space. The dynamic nature of our technology enables us to make enhancements quickly as we receive feedback from our users and learn more about their requirements.

Our People

Revolut continues to invest significantly in the support functions necessary to further enhance the user experience. In 2017, the Polish branch in Krakow began full scale operations to support the function of core business support, user queries and troubleshooting. In January 2018, this was extended to 24/7 support and we have continued to enhance our support operations in 2019, with new offices opened in Porto, Portugal and Vilnius, Lithuania.

To ensure we continue to have the robust foundation required to facilitate our growth we focused considerable time and resources in 2019 in recruiting outstanding talent to enhance our governance and control framework.

Our Users

By the end of 2019, our services were used by more than 10 million retail customers and over 220,000 business customers. Following the year end, we continued to see further growth and are currently close to 13 million retail customers, albeit at a slower pace due to the COVID-19 pandemic.

However, it's not just about the numbers - learning from our existing users and how they use our services is key to developing the quality and range of our products and enhancing the outcomes and user experience for new and existing customers.

Our Progress

In 2019 we began to lay the foundations for our global expansion ambitions. As we accelerated customer growth in the UK and Europe, we commenced efforts to launch our platform in markets outside Europe and added innovative new products such as equity trading, charitable donations and Apple Pay.

In December 2018, our application through Revolut Bank UAB (previously named Revolut Technologies UAB) for a European Banking Licence was approved by the European Central Bank, along with an electronic money licence for Revolut Payments UAB, and both commenced operations in late 2019. We plan an incremental roll-out to other Central and Eastern European markets during 2020.

During the year, we significantly expanded our product set, offering further features to our retail and business customers:

- We added Apple Pay to our platform in Q2 2019 and introduced 3DS secure payments in August 2019.
- We launched our Commission Free Trading product in August 2019, offering access to more than 300 popular US-listed stocks.
- Throughout 2019, we added several ancillary features for personal customers including access to airport lounges, the ability to make one-off and regular donations to named charities, group vaults, and loyalty rewards for shopping with a select list of partner merchants.
- We released a range of new pricing plans for Revolut Business, including a free basic plan for freelancers and companies, to enable business customers to select a structure that most effectively meets their requirements. We also expanded the Revolut Business product set with the addition of the Expense Management feature.

We launched Revolut in beta in Australia, US and Japan during the second half of 2019, and launched fully in Singapore in October 2019.

While sustainable financial growth is key to delivering our vision, our business will continue to require additional capital from time to time as we pursue our growth objectives. Our business incurs development and operating costs ahead of building recurring revenue streams from our customers; as a result, operating losses incurred in the early years pave the way for profitable growth to follow.

In 2019, revenue nearly tripled year on year, to £162.7m (2018: £58.2m), reflecting continuing growth in our core product offering, customer base and customer activity. Direct costs and administrative costs increased to £270m (2018: £92.3m), as the business continued to invest in its growth and product offering. While the operating loss increased, as expected, to £107.4m (2018: £34.01m), gross margin* improved to 39% by the final quarter of 2019, up from 17% at the beginning of 2019.

** Gross margin is an alternative performance measure based on non-statutory management information. It represents revenue less recurring external cost of sales expressed as a percentage of revenue, and excludes the one-off costs of onboarding new customers.*

In the third quarter of 2019 we began a further round of fundraising, which we concluded successfully in February 2020, with the issue of $500m of additional capital to a range of existing and new investors, followed by a further $80m in June. As a result the group was very well capitalised entering the COVID-19 pandemic. These funds are being used to support the next phase of our growth plans and allow continued investment in our systems, people and infrastructure.

The principal direct costs of the business continue to be card scheme costs, acquiring costs and customer acquisition costs. As our customer base and transaction volumes have grown we have been able to generate cost efficiencies. General administrative expenses increased from £24m in 2018 to £92m in 2019, primarily driven by staff hires which took our global headcount to 2,261 as at 31 December 2019, compared with 633 at the prior year end. In addition to staff based in our London head office, we now have significant numbers of staff based in our other hubs in Europe and globally.

Our Performance

Our key performance indicators ("KPIs") are listed below, showing the strong progress achieved as at 31 December 2019. These KPIs are supported by additional business specific performance indicators which are regularly reviewed by management to enable them to monitor performance effectively.

- Revenue growth: increase of 180% on 2018
- Total retail users: 10.0m (2018: 3.5m)
- Daily active people: 231% increase year on year
- Total paid users: 139% increase since last reporting date
- Total business users: 260% increase since last reporting date
- Weekly active businesses: 321% increase since last reporting date

Engaging with stakeholders - Section 172 Statement

Revolut's success depends on building and maintaining successful relationships with our stakeholders. When making business decisions, the Board is mindful of its responsibilities under s172(1) of the Companies Act 2006 to promote the success of the company having regard to its range of stakeholders, as discussed below.

Foster business relationships with suppliers, customers and others

Our customers

We designed the Revolut app and its products and services from the ground up, working backwards from the needs of our customers. To ensure that we understand our customers' needs, we monitor their feedback continuously using metrics such as net promoter score ("NPS") and Customer Satisfaction reviews and by analysing in detail how customers use our product. This data informs our decision-making, helping us to prioritise what is most important to customers and to make our products, marketing and communications materials highly relevant to them.

Partners and suppliers

Our industry is highly interconnected and the Revolut experience depends on our having strong relationships with our partners and suppliers. We collaborate closely with some of the most innovative companies in the industry to develop pioneering products that our customers love. We endeavour to deal with all suppliers fairly, openly and as valued partners.

Our investors

We greatly value the trust and confidence of our investors and their opinions are important to us. Our company secretariat facilitates frequent dialogue with shareholders, maintaining a regular calendar of group and one to one meetings covering topics including financial performance, strategy, governance, culture and ethical practices.

Interest of employees

As more fully discussed below, we place a high value on attracting, retaining and developing highly talented people throughout our business and promoting a culture of diversity and inclusion. Our Revolut team is key to our success and we work hard to develop our colleagues' skills and talents and to improve their experience in the workplace. People and Culture initiatives including career progression, employee wellbeing, and pay and benefits are championed by senior management and are discussed as regular items on ExCo and Board agendas. To better understand employee engagement and well-being, we collect anonymous feedback continually across our entire business and regularly publish employee satisfaction scores and feedback for each business unit. We maintain a transparent culture through regular Town Hall meetings, open to all employees, at which senior management present strategic plans and progress, new product demonstrations and focused training.

Impact of operations on the community and the environment

As a financial institution we want to build trust with our customers and the communities around them. We work hard to understand and support the issues and causes that concern the communities we work among.

The business is committed to having a positive impact on the environment. Operating virtually and enabling transactions without a branch network or physical currencies reduces our use of natural resources and minimises our impact on the environment. Our core operations are largely based in modern offices served by good transport public transport links so that car use is minimised. We also offer bicycle facilities.

Our donations feature enables customers to support the causes that mean the most to them from the Trussell Trust to Cancer Research, the Rainforest Alliance, Save the Children and the Red Cross. Offering Pride Cards enabled us to help raise nearly £200,000 for ILGA Europe. Supporting coding classes for girls helps us to open doors to careers in technology to a new generation of young women.

Maintain a reputation for high standards of business conduct

As a major payments institution in the UK and Europe, we value the opportunity to engage regularly with governments and regulators through meetings, conferences, industry consultations and forums to help develop policies that protect customers from fraud, promote competition and better services and enable us to offer customers ever better choice and value.

We take the responsibility of such dialogue seriously and engage with regulators and governments on a broad range of topics including conduct, risk, compliance and the sustainable development of the industry. In 2020, to assist governments in planning support for communities and the economy during the COVID-19 pandemic we provided guidance on how spending in different sectors was affected during and after lockdown.

We place a high value on compliance with all relevant regulations and require the highest levels of integrity and ethical behaviour. We require employees to undertake appropriate mandatory training at all levels and to attest annually that all required modules have been completed appropriate to their role.

Act fairly as between members of company

Revolut is committed to acting fairly with its members and being transparent in its activities and directions.

Likely consequences of any decision in the long term

Revolut's Board of Directors and its committees consider holistically the long-term potential consequences of any decision on its stakeholder groups and ensure that the same consideration is given by all Revolut's business units. The Board is provided with regular reports from our business units including key decisions taken, material risks and business performance updates, which provide the Board with assurance that the interests of all stakeholder groups are carefully considered.

Principal risks and uncertainties

Macroeconomic environment risk

Revolut's business is sensitive to global macroeconomic conditions as revenue is linked to the number and value of users' transactions which in turn depends on both a user's income and opportunity to spend. As we have seen during 2020 with the global response to the COVID-19 pandemic, restrictions on customers' ability to undertake travel and other expenditure can negatively impact on the ability of Revolut to generate revenue.

Regulatory risk

Revolut operates in a highly regulated industry. Consequently, Revolut is exposed to many forms of risk related to compliance with a wide range of laws and regulations in a number of global jurisdictions, covering general organisational and governance requirements, capital and liquidity requirements, consumer protection and anti-financial crime requirements.

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

Operational risk

Revolut relies on its operational infrastructure, technology, processes and employees. The company continues to invest in its Operational Risk Management Framework and Operational Resilience capability to enable a prompt and effective risk identification, assessment and response to unexpected events. The successful execution of Revolut's strategy is reliant on recruiting and retaining the right people to support its growth. Revolut continues to invest in strengthening its core teams, including at the Executive level as well as in people engagement and culture initiatives.

Third party risk

The Group is reliant on a number of third parties and outsourcing services providers across a number of channels including payment processing, regulatory compliance, foreign & crypto exchange, AML and other critical services.

The Group mitigates this risk with a thorough third party and outsourcing risk management framework, policy and governance structure, with ongoing monitoring of outsourced services. This robust framework enabled us to recognise the increasing risk arising from our contractual relationship with Wirecard, methodically reduce our exposure over a period of months and close the exposure at negligible cost to Revolut and no cost to our customers.

Liquidity risk

Liquidity risk is the risk that Revolut cannot meet its financial obligations when they fall due. Funding risk is the risk that Revolut does not have sufficient stable sources of funding to meet its financial obligations when they fall due, or can do so only at excessive cost. Risk arises when assets maturing during a particular period are lower than corresponding liabilities maturing during the same period; an unexpected increase in assets or a decrease in liabilities can also create liquidity risk.

Revolut is exposed to a number of liquidity and funding risks in the normal course of its business, including foreign exchange convertibility and market access, payments prefunding, intraday, wholesale funding, and funding concentration. These risks are managed by the Treasury department, with control and oversight provided by the Risk department, Asset and Liability Committee ("ALCO"), and the Board.

Revolut's key liquidity policy is to maintain a portfolio of unencumbered, high-quality cash instruments and securities that are readily convertible to cash to ensure that it can meet all of its financial obligations in business-as-usual circumstances and in stress conditions. Revolut currently complies with this policy by holding surplus cash in the form of overnight deposits with banks.

Credit risk

Revolut is exposed to various credit risks in the course of our operations, the majority of which arise from our placements of corporate and client safeguarded funds with financial institutions. These are typically investment grade rated institutions. We also have short dated credit exposure for receivables due from merchant acquirers used to process user card top ups.

To manage credit risk appetite, Revolut has credit risk management policies and procedures in place that require all counterparties giving rise to credit risk to be assessed at least annually and assigned a credit risk limit commensurate to its risk profile, subject to approved materiality thresholds. Revolut's Credit Risk function undertakes ongoing monitoring for adherence to limits and to ensure credit risks are managed appropriately where deterioration is identified.

Revolut did not undertake any consumer lending activities during the reporting period and did not face any credit risks in relation to this.

Financial crime risk

The Group's activities involve significant volumes of transactions in client funds and it 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 the laundering of illicit funds). To address this type of risk, Revolut has robust Know Your Customer ("KYC") and Anti-Money Laundering ("AML") policies and procedures, performs ongoing monitoring of transactions in real-time and screens all customers on a daily basis. Revolut is committed to maintaining a control environment that enables it to respond promptly and effectively to emerging financial crime threats.

Foreign exchange risk

Revolut provides foreign exchange services to its customers via multi-currency wallets that allow spending in different currencies and thus has exposure to currency exchange rate fluctuations. Revolut monitors the resulting exposures on an ongoing basis and performs hedging transactions as appropriate.

E-money risk

As an issuer of electronic money ("e-money") to its customers, Revolut is subject to regulatory capital and client funds safeguarding requirements. Revolut complies with these regulatory obligations and recognises that they are pre-conditions to continued operations under its licence.

Cyber risk

As a digital app-only financial services provider, a principal risk for Revolut relates to cyber security threats which might attempt to access 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. These controls include dedicated internal team-led application security testing, vulnerability management, a companywide training and phishing threat simulation programme, advanced endpoint threat protection, external threat intelligence, monitoring and alerting across our key infrastructure and systems, 24/7 incident response coverage, security assurance of 3rd parties, 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 cryptocurrencies however the cryptocurrencies themselves are owned by Revolut. The cryptocurrencies are held in trust with a qualified custodian, a cryptocurrency wallet provider, or with 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 cryptocurrency extremely seriously and has robust systems in place to prevent unauthorised access.

Breaches of data security

Revolut handles significant amounts of personal data provided by its customers, as well as employee data and confidential corporate information, and therefore must comply with strict data protection and privacy laws and regulations, while also protecting its own reputation and corporate position. 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. Business processes and policies exist to drive best practice in the classification and handling of both structured and unstructured sensitive data by employees.

Uncertainties

The UK formally ceased membership of the European Union on 31 January 2020 and is currently working through a transition period which is due to end on 31 December 2020. Revolut is putting in place arrangements to ensure there is no disruption to customer service across our product suite.

As noted in the Directors' Report, the COVID-19 pandemic has caused disruption to businesses and global economies generally. Revolut has taken prompt and significant management action to mitigate the impact on its business, recognising that a second wave of new cases remains possible.

This report was approved by the Board on 27 July 2020 and signed on its behalf.

N Storonsky
Director

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

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Board responsibilities

Revolut's Board has overall responsibility for setting strategy and for oversight of Revolut's business, culture, risk management and internal controls.

In setting Revolut's strategy and culture, the Board seeks to promote the sustainable growth and long term development of Revolut's business within the limits of our risk appetite. In discharging these responsibilities, the Board takes account of its obligations to, and the expectations of, all of Revolut's stakeholders - including customers, shareholders and employees. The Board works closely with Revolut's regulators to ensure that we operate, at all times, within the regulatory frameworks which apply in the various jurisdictions in which we do business.

Directors

Revolut's Board is composed of two executive directors, who founded the business, together with five high calibre independent non-executive directors who have deep and extensive financial services knowledge. Meetings of the Board are held at intervals of no more than six weeks and more frequently if required.

The current composition of the Board is as follows:

- Nikolay Storonsky* - Executive director and CEO
- Vladyslav Yatsenko* - Executive director and CTO
- Bruce Wallace - Non-executive director and Chair of Board Risk & Compliance Committee (appointed 08 March 2019)
- Caroline Britton - Non-executive director and Chair of Board Audit Committee (appointed 08 March 2019)
- Martin Gilbert - Chairman & Chair of Nomination Committee (appointed 01 January 2020)
- Michael Sherwood - Non-executive director and Chair of Remuneration Committee (appointed 21 February 2020)
- Ian Wilson - Non-executive director (appointed 21 February 2020)

*denotes that these directors served on the Board throughout 2019, in addition to Martin Mignot and Daniel Waterhouse who both served as non-executive directors until they stepped down from the Board on 21 February 2020.

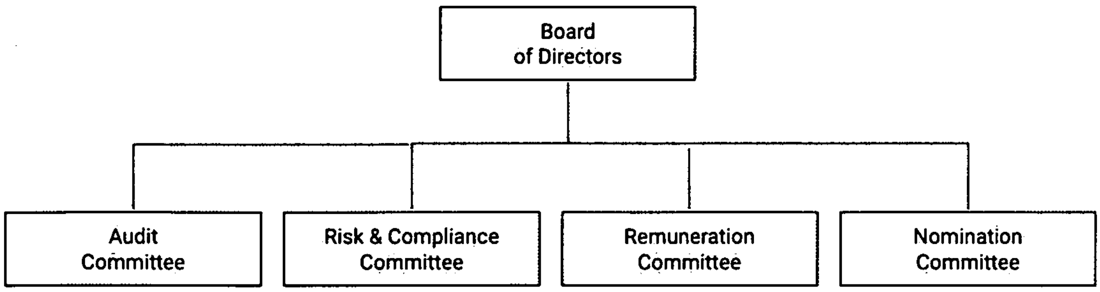
Revolut's independent non-executive directors ensure that the performance of management, including the executive directors, is challenged and scrutinised effectively.

Board committees

Revolut's Board maintains effective oversight over Revolut through a series of committees with delegated authority from the Board. The committees of the Board consist of the:

- Board Audit Committee;
- Board Risk and Compliance Committee ("BRCC");
- Remuneration Committee; and
- Nomination Committee.

The above committees are shown in the diagram below:.



Revolut's day-to-day operations are managed by the executive team, supported by three executive committees, being the:

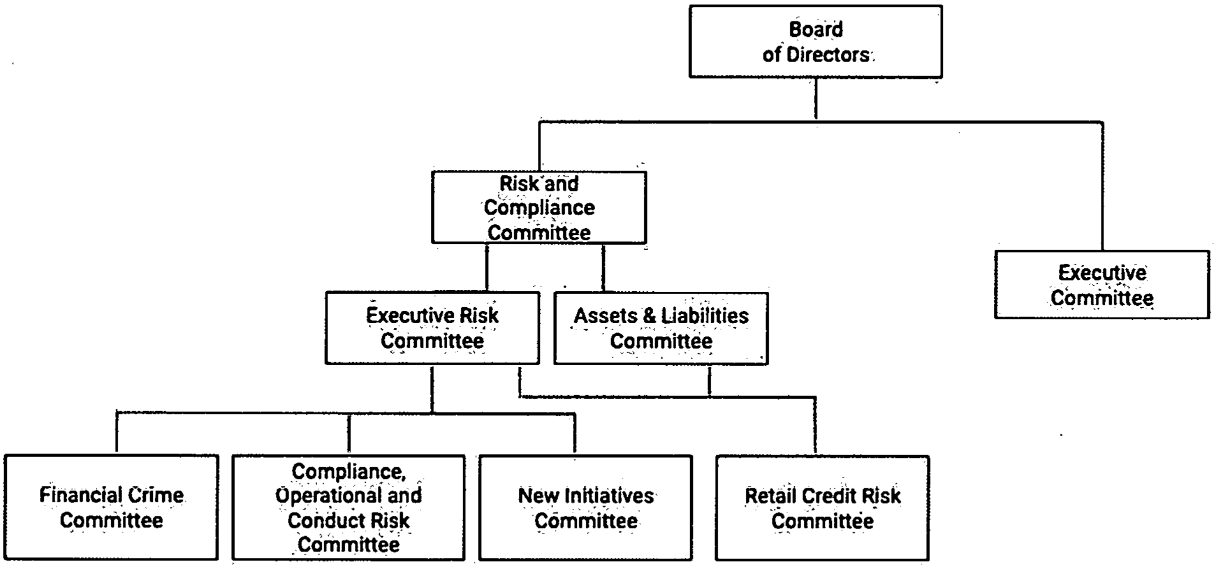
- Executive Committee ("ExCo");
- Group Executive Risk Committee ("GERC"); and
- Assets and Liabilities Committee ("ALCO").

ExCo operates under delegated authority from the Board, while GERC and ALCO derive their authority from, and report to, the BRCC.

In addition to the above, Revolut has the following executive sub-committees, who operate with delegated authority from GERC and/or ALCO (as applicable):

- Financial Crime Committee;
- New Initiatives Committee;
- Group Retail Credit Risk Committee; and
- Compliance, Operational and Conduct Risk Committee.

The reporting structure of the executive committees and sub-committees is shown in the diagram below:



Value-setting from the top

Our Board takes ownership of Revolut's strategy and strives to provide robust and constructive challenge to the executive team, holding each of them to account for their performance against our strategy and ensuring the strategy remains focused on good customer outcomes and market integrity. Our Board is fully engaged on conduct issues and sets the tone from the top. The Board, supported by its committees, understands the risks associated with our business and in particular how our business model and strategy could give rise to conduct issues. The Board also provides excellent guidance and leadership support to our executive team and, consequently, all employees at Revolut. Our values, set by the Revolut Board, permeate throughout our business and ensure that decisions are made in accordance with good governance, an appropriate risk appetite, in line with regulatory expectations and always with our customers at the forefront of our minds.

Diversity, Inclusion and Employee Engagement

Revolut is an equal opportunity employer, and we seek to promote diversity and inclusion in all that we do. All aspects of employment including the decision to hire, promote, discipline, or discharge, are based on merit, competence, performance, culture alignment and business needs. We do not tolerate discrimination or harassment on the basis of race, ethnicity, religion, marital status, age, physical or mental disability, medical condition, sexual orientation, gender identity or expression, or any other characteristic protected under the applicable legislation.

Revolut believes in proactive and regular communication and consultation with its employees:

- Key organisational matters and changes in policy are communicated to employees through weekly Town Halls, slack announcements and emails from the Executive Committee. Monthly updates are also provided directly by the CEO to Heads of Department, which are cascaded through the business.
- Weekly pulse surveys are run with staff to seek their feedback and assess engagement levels to ensure the organisation is able to proactively take action to address any issues. Surveys are also run on key business changes - such as remote working.
- Revolut encourages share ownership and the majority of employees receive a meaningful proportion of their remuneration, particularly performance bonuses, in Revolut share-based awards.
- The CEO provides a monthly update to Heads of Department on performance against company goals, including financial performance. This information is then distilled into a briefing pack for Heads of Department to share with their teams.

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.

Results and dividends

The Total Comprehensive loss for the year, after taxation, amounted to £106.5m *(2018 - loss £32.9m)*. No dividend was paid in 2019 (2018: nil).

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 2020 and future periods include:

- Further investment in the technology infrastructure and development of the core product offering to Revolut customers,
- Continue to operationalise Revolut Bank UAB and the roll-out across other European markets,
- Obtain further regulatory authorisations required to expand our product offering across jurisdictions,
- Develop existing operations in international jurisdictions including North America and Asia Pacific whilst continuing to expand our operations across the UK and EEA,
- Further investment in the customer support, risk and compliance infrastructure.

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 have indicated their willingness to be reappointed as auditors for another term and appropriate arrangements will be put in place for them to be deemed reappointed.

Post balance sheet events

Issue of capital
In February and June 2020 the company completed a fundraising round and an extension thereto, raising $500m and $80m respectively of new capital from a wide range of existing and new investors. These funds are being used to support the next phase of our growth plans and allow continued investment in our systems, people and infrastructure.

COVID-19
Since the year end, the spread of the COVID-19 pandemic severely impacted economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken by governments to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruption to businesses worldwide, resulting in an economic slowdown.

Revolut has continued to operate during the pandemic with no disruption to services provided to customers. Due to COVID-19, Revolut Ltd experienced a decline in interchange revenue driven by fewer transactions and a higher portion of low fee domestic transactions. Revolut Ltd's diverse product offering has meant that some products, such as crypto trading, have been positively impacted by COVID-19 in the short term. In addition, management has taken action to adapt our strategy by reducing discretionary spending and reinforcing our tight control of operating costs. As a result, while growth has slowed because of the pandemic, Revolut has, and will continue to have, a comfortable level of headroom above its regulatory capital and liquidity requirements.

This is a non-adjusting post balance sheet event and as such does not impact the financial position of the Group as at 31 December 2019.

Going Concern

When preparing the financial statements the Directors have considered the Group's operational plans, forward looking capital and liquidity forecasts and available resources. After making enquiries, and considering severe but plausible downside sensitivities, including a scenario which assumes an extended period of impact of COVID-19 and lower than expected customer growth rates, 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 a going concern basis.

This report was approved by the board on 27 July 2020 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 2019 which comprise 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 2019 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 Annual Report, 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 Directors' 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 Directors' Report, 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 on 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 July 2020

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 2019

	Note	**2019 £000**	2018 £000
Revenue	4	162,722	58,240
Direct costs		(177,911)	(68,319)
Administrative expenses		(92,249)	(23,975)
Operating loss	5	**(107,438)**	**(34,054)**
Interest receivable and similar income	8	2,052	1,107
Interest payable and expenses	9	(1,429)	(16)
Loss before taxation		**(106,815)**	**(32,963)**
Tax credit on loss	10	915	132
Loss for the financial year		**(105,900)**	**(32,831)**
Currency translation differences		(603)	(40)
Other comprehensive loss for the year		**(603)**	**(40)**
Total comprehensive loss for the year		**(106,503)**	**(32,871)**

The notes on pages 29 to 54 form part of these financial statements.

REVOLUT LTD
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Intangible assets	11		93,927		37,012
Tangible assets	12		11,940		3,856
			105,867		40,868
Current assets					
Inventories	14	13,042		3,553	
Debtors	15	59,089		41,442	
Cash and cash equivalents	16	2,450,107		1,059,001	
		2,522,238		1,103,996	
Creditors: amounts falling due within one year					
Customer liabilities	17	(2,362,385)		(927,685)	
Creditors	18	(45,259)		(21,935)	
		(2,407,644)		(949,620)	
Net current assets			114,594		154,376
Total assets less current liabilities			220,461		195,244
Creditors: amounts falling due after more than one year	19		(123,247)		(1,173)
Provisions for liabilities	21		(905)		-
Net assets			96,309		194,071
Capital and reserves					
Share capital	25		-		-
Share premium account	26		248,814		248,677
Foreign exchange reserve	26		73		(42)
Other reserves	26		10,369		1,880
Profit and loss account	26		(162,947)		(56,444)
Equity attributable to owners of the parent Company			96,309		194,071

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 July 2020.

N Storonsky
Director

The notes on pages 29 to 54 form part of these financial statements.

REVOLUT LTD
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Intangible assets	11		93,848		37,012
Tangible assets	12		10,960		3,654
Investments	13		15,554		5,725
			120,362		46,391
Current assets					
Inventories	14	13,024		3,513	
Debtors: falling due within one year	15	76,943		41,337	
Cash and cash equivalents	16	2,414,058		1,053,200	
		2,504,025		1,098,050	
Creditors: amounts falling due within one year					
Customer liabilities	17	(2,352,710)		(927,686)	
Current liabilities	18	(45,295)		(24,022)	
		(2,398,005)		(951,708)	
Net current assets			106,020		146,342
Total assets less current liabilities			226,382		192,733
Creditors: amounts falling due after more than one year	19		(123,247)		(1,173)
Provisions for liabilities	21		(905)		-
Net assets			102,230		191,560
Capital and reserves					
Share capital	25		-		-
Share premium account	26		248,814		248,677
Foreign exchange reserve	26		87		-
Other reserves	26		10,369		1,880
Profit and loss account	26		(157,040)		(58,997)
			102,230		191,560

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 2019 amounted to £98.04m (*2018: loss - £35m*).
The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 July 2020.

N Storonsky
Director

The notes on pages 29 to 54 form part of these financial statements.

REVOLUT LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital account £000	Share premium account £000	Foreign exchange reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2019	-	248,677	(42)	1,880	(56,444)	**194,071**
Comprehensive income for the year						
Loss for the year	-	-	-	-	(106,503)	**(106,503)**
Equity settled share-based payments	-	-	-	8,489	-	**8,489**
Currency translation differences	-	-	115	-	-	**115**
Other comprehensive income for the year	-	-	**115**	**8,489**	-	**8,604**
Total comprehensive loss for the year	-	-	**115**	**8,489**	**(106,503)**	**(97,899)**
Shares issued during the year	-	137	-	-	-	**137**
Total transactions with owners	-	**137**	-	-	-	**137**
At 31 December 2019	-	**248,814**	**73**	**10,369**	**(162,947)**	**96,309**

The notes on pages 29 to 54 form part of these financial statements.

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

	Share capital account £000	Share premium account £000	Foreign exchange reserve £000	Other reserves £000	Profit and loss account £000	Total equity £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 loss 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 29 to 54 form part of these financial statements.

REVOLUT LTD
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital account £000	Share premium account £000	Foreign exchange reserve £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 January 2019	-	248,677	-	1,880	(58,997)	**191,560**
Comprehensive income for the year						
Loss for the year	-	-	-	-	(98,043)	**(98,043)**
Equity-settled share-based payments	-	-	-	8,489	-	**8,489**
Currency translation differences	-	-	87	-	-	**87**
Total comprehensive loss for the year	**-**	**-**	**87**	**8,489**	**(98,043)**	**(89,467)**
Contributions by and distributions to owners						
Shares issued during the year	**-**	**137**	-	-	-	**137**
Total transactions with owners	**-**	**137**	**-**	**-**	**-**	**137**
At 31 December 2019	**-**	**248,814**	**87**	**10,369**	**(157,040)**	**102,230**

The notes on pages 29 to 54 form part of these financial statements.

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

	Share capital account £000	Share premium account £000	Foreign exchange reserve £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**
Currency translation differences						
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 29 to 54 form part of these financial statements.

REVOLUT LTD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Loss for the financial year		(105,900)	(32,831)
Adjustments for:			
Amortisation	11	13	-
Depreciation of tangible assets	12	1,319	478
Interest paid		452	16
Interest received		(2,052)	(1,107)
Taxation credit		(915)	(132)
Increase in inventories		(9,488)	(2,961)
Increase in debtors		(14,262)	(20,239)
Increase in creditors		24,958	12,316
Increase in e-money in issue	17	1,378,558	702,671
Increase in cryptoassets in issue	17	56,128	22,742
Increase in commodities	17	14	-
Net fair value losses recognised in P&L	11	7,549	26,501
Purchase of intangible fixed assets (cryptoassets)	11	(63,887)	(49,161)
Corporation tax (paid)		(1,145)	(350)
Share-based payments		8,626	1,868
Exchange difference on fixed assets	12	-	13
Foreign exchange difference		(676)	(45)
Net cash generated from operating activities		1,279,292	659,779
Cash flows used in investing activities			
Purchase of intangible fixed assets (software)		(85)	-
Purchase of tangible fixed assets	12	(9,404)	(3,931)
Interest received	8	2,052	1,107
Net cash used in investing activities		(7,437)	(2,824)
Cash flows from financing activities			
Issue of ordinary shares		-	181,143
Exercise shares options		137	-
Interest paid	9	(452)	(16)
Loans	19	119,546	-
Net cash from financing activities		119,231	181,127
Net increase in cash and cash equivalents		1,391,086	838,082
Cash and cash equivalents at beginning of year		1,059,001	220,914
Foreign exchange gains and losses		20	5
Cash and cash equivalents at the end of year comprise:			
Own cash and cash equivalents	16	168,985	156,437
Cash in transit	16	221,127	137,559
Cash held at central banks and other banks in respect of customers	16	2,059,995	765,005
		2,450,107	1,059,001

The notes on pages 29 to 54 form part of these financial statements.

1. General information

Revolut Ltd is a private company limited by shares and incorporated in England & Wales. The registered office 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.

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 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

2.9 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.

2.10 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.

2.11 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.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 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 prepaid cards not yet distributed to customers.

2.14 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. Amounts recoverable on long term contracts, representing collateral requirements in respect of card schemes, are measured at amortised cost.

2.15 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.

Cash and cash equivalents include £2,281m (2018: £903m) held on behalf of customers.

Client funds are safeguarded through denominated local bank accounts in the local functional currency. Client funds are held in segregated bank accounts as part of the Group's safeguarding policy.

2.16 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.

2.17 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.

2.18 Financial instruments

Financial Instruments at amortised cost

The Group 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.

Financial Instruments at Fair Value

The Group enters into derivative financial instruments which are measured at fair value through profit or loss. The fair value of derivative financial instruments is measured at an observable quoted market price. Gains and losses arising from changes in the fair values are recognised in the Income Statement.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts with an intention to settle on a net basis, or alternatively to realise the asset and settle the corresponding liability simultaneously.

2.19 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.

2.20 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.

2.21 Reserves

The Group and Company reserves are as follows:

- Called up share capital reserves represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue cost.
- Other Reserves represents the cost of shares held for options granted to employees.
- Foreign exchange reserves represent the revaluation of foreign currency at the balance sheet date.
- Profit and loss account represents cumulative profits or losses, net of dividends paid, and any other adjustments.

3. 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.

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.

4 Revenue

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

	2019	2018
	£000	£000
Subscription	39,505	13,555
Card & Interchange	102,639	34,634
Other Income	20,578	10,051
	162,722	58,240

An analysis of revenue by geographical region is stated below:

	2019	**2018**
	£000	**£000**
UK	162,335	58,018
EEA (excluding UK)	47	-
Rest of the World	340	221
	162,722	58,240

5. Operating loss

The operating loss is stated after charging/(crediting):

	2019	2018
	£000	£000
Research & development charged as an expense	13,715	5,431
Depreciation of fixed tangible fixed assets	1,503	396
Exchange differences	603	(549)
Other operating lease expense	1,646	1,709
Defined contribution pension cost	1,397	77
Audit of the Parent company and consolidated Financial Statements	290	250
Audit of Subsidiaries	100	25

6. Employees

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

	Group 2019 £000	Group 2018 £'000	**Company 2019 £000**	Company 2018 £000
Wages & Salaries	45,388	9,203	35,087	6,463
Share based payments	8,489	1,873	8,489	1,873
Social Security Costs	4,016	1,278	3,450	1,039
Cost of defined contribution scheme	1,397	77	1,344	77
	59,290	12,431	48,369	9,452

6. Employees (continued)

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

	2019 No.	2018 No.
Staff	1,283	425
Directors	6	6

7. Directors' remuneration

	2019 £000	2018 £000
Director emoluments	331	182
Share based payments	2,320	1,627
Company contributions to defined contribution pension schemes	2	2
	2,653	1,811

During the year the company made contributions to a defined contribution pension scheme for 2 directors *(2018: 2)*.

Highest paid director	2019 £000	2018 £000
Director emoluments	100	81
Share Based Payments	1,638	1,366
Company contributions to defined contribution pension schemes	1	1
	1,739	1,448

8. Interest receivable

	2019 £000	2018 £000
Other interest receivable	2,052	1,107
	2,052	1,107

9. Interest payable and similar expenses

	2019 £000	2018 £000
Bank interest payable	977	16
Other loan interest payable	452	-
	1,429	16

10. Taxation

	2019 £000	2018 £000
Corporation tax		
Current tax credit on loss for the year	(873)	(166)
Adjustments in respect of previous periods	-	20
Total current tax	**(873)**	(146)
Deferred tax		
Origination and reversal of timing differences	(42)	14
Total deferred tax	**(42)**	14
Taxation credit on loss on ordinary activities	**(915)**	(132)

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard UK rate of corporation tax of 19% *(2018 - 19%)*. The differences are explained below:

	2019 **£000**	2018 £000
Loss on ordinary activities before tax	(105,900)	(32,963)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(20,084)	(6,263)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(1,273)	48
Capital allowances for year in excess of depreciation	-	(4)
Adjustments in respect of previous periods	50	-
Taxes on overseas earnings	359	227
Other timing differences leading to an increase in taxation	98	626
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(1,342)	(570)
Unrelieved tax losses carried forward	21,277	5,804
Total tax credit for the year	**(915)**	(132)

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 measures 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 £122 m (2018: £58m) as there is insufficient evidence as to their recoverability.

11. Intangible assets

	Cryptoassets	Software	Total
Group	**£000**	**£'000**	**£000**
Cost or valuation			
At 1 January 2019	68,424	-	68,424
Additions	63,887	590	64,477
At 31 December 2019	132,311	590	132,901
Amortisation, impairment and fair value movement			
At 1 January 2019	(31,412)	-	(31,412)
Charge for the year	(7,549)	(13)	(7,562)
At 31 December 2019	(38,961)	(13)	(38,974)
Total net book value			
At 31 December 2019	**93,350**	**577**	**93,927**
At 31 December 2018	37,012	-	37,012

	Cryptoassets	Software	Total
Company	**£000**	**£'000**	**£000**
Cost or valuation			
At 1 January 2019	68,424	-	68,424
Additions	63,887	510	64,397
At 31 December 2019	132,311	510	132,821
Amortisation, impairment and fair value movement			
At 1 January 2019	(31,412)	-	(31,412)
Charge for the year	(7,549)	(12)	(7,561)
At 31 December 2019	(38,961)	(12)	(38,973)
Total net book value			
At 31 December 2019	**93,350**	**498**	**93,848**
At 31 December 2018	37,012	-	37,012

As at the reporting date cryptoassets are recognised at fair value. Software is recognised at cost minus amortisation.

11. Intangible assets (continued)

	2019	2018
	£000	£'000
	Cost less impairment	Cost less impairment
Intangible assets (cryptoassets)	93,350	37,012

12. Tangible fixed assets

Group	Fixtures & fittings £000	Office equipment £'000	Computer equipment £000	Total £000
Cost or valuation				
At 1 January 2019	3,012	128	1,319	4,459
Additions	4,560	1,425	3,418	9,404
At 31 December 2019	7,572	1,553	4,737	13,863
Depreciation				
At 1 January 2019	169	20	414	603
Charge for the year on owned assets	443	116	761	1,319
At 31 December 2019	612	136	1,175	1,922
Net book value				
At 31 December 2019	**6,960**	**1,417**	**3,563**	**11,940**
At 31 December 2018	2,843	108	905	3,856

Company	Fixtures & fittings £000	Office equipment £'000	Computer equipment £000	Total £000
Cost or valuation				
At 1 January 2019	3,012	128	1,005	4,145
Additions	4,483	1,074	2,866	8,423
At 31 December 2019	7,495	1,202	3,871	12,568
Depreciation				
At 1 January 2019	169	20	302	491
Charge for the year on owned assets	443	96	578	1,116
At 31 December 2019	612	116	880	1,607
Net book value				
At 31 December 2019	**6,883**	**1,086**	**2,991**	**10,960**
At 31 December 2018	2,843	108	703	3,654

13. Fixed asset investments

Company

Investments in subsidiary companies	**£000**
Cost or valuation	
At 1 January 2019	5,725
Additions	9,829
At 31 December 2019	15,554
Net book value	
At 31 December 2019	**15,554**
At 31 December 2018	5,725

The following were subsidiary undertakings of the Company as of December 31, 2019. All trading subsidiary undertakings are included in the consolidation.

	Class of Shares	Holding	Principal Activity	Registered address
Revolut Travel Ltd	Ordinary	100%	Insurance Intermediary	7 Westferry Circus, Canary Wharf, London, England, E14 4HD
Revolut Trading Ltd	Ordinary	100%	Security and commodity contracts dealing activities	7 Westferry Circus, Canary Wharf, London, England, E14 4HD
OOO Revolut Technologies	Ordinary	100%	Software development	125196, Moscow, Lesnaya str., bld. 9, premises 2, 3, 27, 29
Revolut Bank UAB (formerly Revolut Technologies UAB)	Ordinary	100%	Deposits acceptance and consumer lending	Konstitucijos ave. 21B, Vilnius, LT-08130
Revolut Payments UAB	Ordinary	100%	Payments services, e-money issuance and insurance brokerage	Konstitucijos ave. 21B, Vilnius, LT-08130
Revolut Technologies Singapore Pte. Ltd	Ordinary	100%	Payments services, e-money issuance and insurance brokerage	30 Cecil Street, #19-08, Prudential Tower, S049712
Revolut Technologies Ltd	Ordinary	100%	Technology Services, payments services through Metropolitan Commercial Bank	Suite 2300, Bentall 5, 550 Burrard Street Vancouver, British Columbia V6C 2B5
Revolut Technologies S.A.	Ordinary	100%	Dormant at reporting date	19 rue du Bitbourg 1273 Luxembourg
Revolut Technologies Limited	Ordinary	100%	Dormant at reporting date	13/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong
Revolut Technologies Poland Sp z o.o	Ordinary	100%	Inactive, to be dissolved	Podium Park, Jana Pawła, 43a, Krakow, 31-864
Revolut Technologies Japan, Inc.	Ordinary	100%	Payments services, e-money issuance and insurance brokerage	Roppongi 7-7-7, Minato-ku, Tokyo 1060032
Revolut Securities Japan, Inc	Ordinary	100%	Payments services, e-money issuance and insurance brokerage	Roppongi 7-7-7, Minato-ku, Tokyo 1060032
Revolut Payments Ireland Limited	Ordinary	100%	Financial Services	Matheson, 70 Sir John Rogerson's Quay, Dublin 2, Ireland

Revolut Holdings US Inc.	Ordinary	100%	Technology Services, payments services	1209 Orange Street, Wilmington DE, 19801 County of New Castle, Delaware
Revolut Securities Inc.*	Ordinary	100%	Anticipates licence as broker-dealer for trading services	1209 Orange Street, Wilmington DE, 19801 County of New Castle, Delaware
Revolut Technologies Inc*	Ordinary	100%	Business Development	1209 Orange Street, Wilmington DE, 19801 County of New Castle, Delaware
Revolut Australia NOHC Pty Ltd	Ordinary	100%	Financial Services	Level 6, 152 Elizabeth Street, Melbourne VIC 3000
Revolut Payments Australia Pty Ltd*	Ordinary	100%	Financial services	Level 6, 152 Elizabeth Street, Melbourne VIC 3000

*Held indirectly.

Branches

Revolut Ltd conducts business through branches in Germany, Lithuania, Poland and Portugal.

- Revolut Limited (Sp z o.o.) Oddzial w Polsce. Registered address - Podium Park, Jana Pawła, 43a, Krakow, 31-864, Polska
- Revolut Ltd - Sucursal em Portugal. Registered address - Rua Roberto Ivens, n.1353 4450-208 Matosinhos, Porto, Portugal
- Revolut Ltd filialas. Registered address - Vilniaus m. sav. Vilniaus m. Lvovo g. 105A
- Revolut Ltd Zweigniederlassung Deutschland. Registered address - Friedrichstrasse 76, c/o WeWork, 10117 Berlin, Germany

14. Inventories

	Group 2019 £000	Group 2018 £'000	**Company 2019 £000**	Company 2018 £000
Inventory	13,042	3,553	13,024	3,513
	13,042	3,553	13,024	3,513

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 £17,370,898 *(2018 - £3,083,836)*.

An impairment loss of £nil *(2018 - £447,315)* was recognised in cost of sales during the year in respect of obsolete inventory.

15. Debtors: Amounts falling due within one year

	Group 2019 £000	Group 2018 £'000	**Company 2019 £000**	Company 2018 £000
Trade debtors	7,493	668	4,232	655
Amounts owed by group undertakings	-	-	23,973	543
Other debtors	25,161	7,162	23,193	6,544
Prepayments and accrued income	3,248	1,659	2,729	1,649
Amounts recoverable on long term contracts	21,452	31,948	21,452	31,946
Deferred taxation	42	5	-	-
Research & Development credit	1,342	-	1,342	-
Corporation tax	351	-	22	-
	59,089	41,442	76,943	41,337

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

16. Cash and cash equivalents

	Group 2019 £000	Group 2018 £'000	**Company 2019 £000**	Company 2018 £000
Own cash and cash equivalents	168,985	156,437	142,612	150,636
Cash in transit	221,127	137,559	214,339	137,559
Cash held at central banks and other banks in respect of customers	2,059,995	765,005	2,057,107	765,005
	2,450,107	1,059,001	2,414,058	1,053,200

Cash in transit represents cash that has been paid out from the Group bank accounts but hasn't been delivered to the bank account of the beneficiary and in flight cash receivables from payment processing counterparties.
Client funds are safeguarded through denominated local bank accounts in the local functional currency. Client funds are held in segregated bank accounts as part of the Group's safeguarding policy and are protected from the Group's creditors in the event of the Group's insolvency.

17. Customer liabilities

	Group 2019 £000	Group 2018 £'000	**Company 2019 £000**	Company 2018 £000
E-Money in issue	2,269,194	890,636	2,259,519	890,637
Customer liabilities in respect of cryptoassets	93,177	37,049	93,177	37,049
Customer liabilities in respect of commodities	14	-	14	-
	2,362,385	927,685	2,352,710	927,686

As at the reporting date Customer liabilities in respect of cryptoassets relates to 5 (2018: 5) cryptocurrencies recognised at the fair value equivalent of those cryptocurrencies at a weighted average price at the Group's partner exchanges.

18. Creditors: Amounts falling due within one year

	Group 2019 £000	Group 2018 £'000	**Company 2019 £000**	Company 2018 £000
Trade creditors	17,801	7,556	16,192	7,552
Amounts owed to group undertakings	-	-	2,950	1,758
Corporation tax	-	41	7	-
Other taxation and social security	3,906	1,121	4,102	1,976
Other creditors	5,704	3,087	5,388	3,050
Accruals and deferred income	17,847	10,128	16,656	9,686
	45,259	21,935	45,295	24,022

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

	Group 2019 £000	Group 2018 £'000	Company 2019 £000	Company 2018 £000
Deferred rent	3,701	1,173	3,701	1,173
Loans	119,546	-	119,546	-
	123,247	1,173	123,247	1,173

20. Maturity of non current liabilities:

Group and Company	Deferred rent 2019 £000	Loans 2019 £'000	Loans accrued interest 2019 £000	Total 2019 £000
In one year or less, or on demand	122	-	972	1,094
In more than one year but not more than two years	974	119,546	-	120,520
In more than two years but not more than five years	2,727	-	-	2,727
	3,823	119,546	972	124,341

	Deferred rent 2018 £000	Loans 2018 £'000	Loans accrued interest 2018 £000	Total 2018 £000
In one year or less, or on demand	581	-	-	581
In more than one year but not more than two years	430	-	-	430
In more than two years but not more than five years	743	-	-	743
	1,754	-	-	1,754

As at 31 December 2019 the value of the loans was £119.5m, which is repayable on or before 21 November 2021. Interest charged in the year was £972k. The rate of interest payable is 10% pa.

21. Provisions for liabilities

	Group Dilapidation Provision £000	Group Total £000	**Company Dilapidation Provision £000**	Company Total £000
At 1 January 2019	-	-	-	-
Provided during the year	905	-	905	-
As at 31 December 2019	905	-	905	-

The property dilapidation provision is based on a calculation of the best estimate for the leases the Group is party to. Uncertainty associated with these factors may result in the ultimate liability being different from the reported provision. Dilapidation provisions are expected to be utilised in 1 to 5 years.

22. Financial instruments

	Group 2019 £000	Group 2018 £'000	**Company 2019 £000**	Company 2018 £000
Financial Assets				
Financial assets measured at amortised cost	2,670,034	1,098,780	2,648,792	1,092,887
Financial assets measured at fair value	2,824	-	2,824	-
	2,672,858	1,098,780	2,651,616	1,092,887
Financial Liabilities				
Financial liabilities measured at amortised cost	2,584,030	901,280	2,569,031	902,,997
	2,584,030	901,280	2,569,031	902,997

22. Financial instruments and assets and liabilities held at fair value (continued)

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.

FInancial assets measured at fair value compromise derivatives used to manage foreign exchange risk which are measured using Level 1 techniques, the unadjusted quoted price in the active market.

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 level 1, valued with reference to quoted and available prices in an active market at the reporting date. As at 31 December 2019 the cryptoassets held have a fair value of £93.3m.

23. Non-financial assets and liabilities - held at fair value

	Group 2019 £000	Group 2018 £'000	**Company 2019 £000**	Company 2018 £000
Other assets				
Cryptoassets measured through other comprehensive income & FVTPL	93,350	37,013	93,350	37,013
	93,350	37,013	93,350	37,013
Other Liabilities				
Customer liabilities in respect of cryptoassets	93,177	37,049	93,177	37,049
	93,177	37,049	93,177	37,049

24. Deferred taxation

Group	2019 £000	2018 £000
At beginning of year	4	18
Charged to profit or loss	(42)	(11)
Utilised in year	-	(3)
At end of year	(38)	4

	Group 2019 £000	Group 2018 £000
Accelerated capital allowances	(38)	4
	(38)	4

25. Share capital

All shares have a nominal value of £0.0000001 each.

	2019	2018
Allotted, called up and fully paid		
13,605,662 (2018 - 11,319,735) Ordinary shares	1.25	1.12
6,187,209 (2018 - 6,187,209) A Ordinary shares	0.62	0.62
4,989,071 (2018 - 4,989,071) B Ordinary shares	0.50	0.50
6,879,002 (2018 - 6,879,002) C Ordinary shares	0.69	0.69
5,889,877 (2018 - 5,889,877) D Ordinary shares	0.57	0.57
	3.50	3.50
	3.63	3.50

On 7 October 2019, the A Preferred Shares, B Preferred Shares, C Preferred Shares and D Preferred Shares were redesignated respectively as A Ordinary Shares, B Ordinary Shares, C Ordinary Shares and D Ordinary Shares.

During the year: 1,012,241 Ordinary Shares were allotted and fully paid at par; 116,902 Ordinary Shares were allotted and fully paid at £0.03 each; 1,108,612 Ordinary Shares were allotted and fully paid at £0.10 each; 454 Ordinary Shares were allotted and fully paid at £0.29 each; 324 Ordinary Shares were allotted and fully paid at £0.32 each; 47,154 Ordinary Shares were allotted and fully paid at £0.50 each; and 240 Ordinary Shares were allotted and fully paid at £0.75 each.

All shares have full voting and dividend rights. On a return of assets, capital distributions will be made to holders of A Ordinary, B Ordinary, C Ordinary and D Ordinary Shares in priority to all other Shareholders.

26. 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 reserves.

Profit & loss account
This reserve records the retained earnings of the Group.

27. 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 grand 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 £13.93 with a maximum option term of 4 years. The total expense in the year ended 31 December 2019 was £8.5 m (2018: £1.9m).

	Weighted average exercise price (pence) 2019	**Number 2019**	Weighted average exercise price (pence) 2018	Number 2018
Outstanding at the beginning of the year	3.93	2,922,941	2.31	1,479,158
Granted during the year	143.53	420,340	9.31	1,642,302
Exercised during the year	6.30	(2,293,560)	3.37	(74,002)
Expired/Sold during the year	7.21	(157,956)	6.16	(124,517)
Outstanding at the end of the year	69	891,765	3.93	2,922,941

The Group operates two share options schemes, the first is an HMRC approved Company Share Option Scheme "CSOP", for UK employees, and the second one, is an Unapproved Options Plan, for the rest of the employees.

Under both plans, options may have the following vesting periods: a 4 years vesting period with the first 25% vested on the first year and remaining 75% vesting monthly over the following 36 months or, 2 years vesting period vested monthly over the 2 years.

The Black-Scholes option pricing model was used to value the equity-settled share-based payment awards as it was considered that this approach would result in materially accurate estimates of the fair value options granted. The following information was used in the valuation:

Equity-settled	**2019**	**2018**
Option pricing model used	Black-Scholes	Black-Scholes
Expected volatility	39.32%	36,86%
Expected dividend growth rate	0.00%	0.00%
Risk-free interest rate	0.57%	0.89%

	Group 2019 £000	**Group 2018 £000**
Equity settled schemes	8,489	1,868
	8,489	1,868

28. 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 £1,397k (2018: £77k). Contributions totalling £1,181k (2018: £17k) were payable to the fund at the balance sheet date and are included in creditors.

29. Commitments under operating leases

At 31 December 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £000	Group 2018 £000
Not later than 1 year	6,174	1,451
Later than 1 year and not later than 5 years	21,087	5,596
Later than 5 years	726	
	27,987	7,047

The company had no commitments under non-cancellable operating leases at the balance sheet date.

30. Related Party Disclosures

At the balance sheet date, included in other debtors was a balance of £15k owed by (2018: £Nil) Revolut's director N Storonsky.

31. Post balance sheet events

Issue of capital

In February and June 2020 the company completed a fundraising round and an extension thereto, raising $500m and $80m respectively of new capital from a wide range of existing and new investors. These funds are being used to support the next phase of our growth plans and allow continued investment in our systems, people and infrastructure.

COVID-19

Since the year end, the spread of the COVID-19 pandemic has severely impacted many economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken by governments to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruption to businesses worldwide, resulting in an economic slowdown.

Revolut has continued to operate during the pandemic with no disruption to services provided to customers. Due to COVID-19, Revolut Ltd has experienced a decline in interchange revenue driven by fewer transactions and a higher portion of low fee domestic transactions. Revolut Ltd's diverse product offering has meant that some products, such as crypto trading, have been positively impacted by COVID-19 in the short term. In addition, management has taken action to adapt our strategy by reducing discretionary spending and reinforcing our tight control of operating costs. As a result, while growth has slowed because of the pandemic, Revolut has, and will continue to have, a comfortable level of headroom above its regulatory capital and liquidity requirements, as stated in note 33.

This is a non-adjusting post balance sheet event and as such does not impact the financial position of the Group as at 31 December 2019.

Wirecard

Until June 2020, Wirecard provided services to Revolut for processing of certain client transactions. Upon learning of the investigations into Wirecard, Revolut proactively worked to manage its exposure to Wirecard. Revolut no longer uses Wirecard for processing of transactions and has exited the relationship at no cost to customers and negligible cost to the company.

32. Controlling party

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

33. Capital management (unaudited)

As an authorised EMI, Revolut is required by the Electronic Money Regulations 2011 (EMRs) to hold a minimum amount of capital at all times to enable absorption of losses as they might arise. The capital requirement is met through Revolut's own holdings of capital resources, which is formed of Own Funds as defined by Article 4(1)(118) of the Capital Requirements Regulation.

The Company has also set a self-imposed buffer above the specific regulatory capital and liquidity requirements and applies thorough stress testing and wind-down planning to ensure that it continues to comply with all regulatory requirements on a forward looking basis.

As at 31 December 2019 Revolut Limited had total capital resources, all of which is Common Equity Tier 1 (CET1), of £85.5m, which represented a comfortable surplus over the total regulatory capital requirement of £34.7m. The company's capital resources were increased significantly by the additional capital issued after the year end (note 31).