TransferWise

Annual report and consolidated financial statements for the year ended 31 March 2020.

Index.

General information.

Company name	TransferWise Ltd
Registered number	07209813
Registered office	6th Floor Tea Building 56 Shoreditch High Street London E1 6JJ, UK
Internet homepage	https://www.transferwise.com/
Principal activity	Online international money transfer services
Directors	Kristo Käärmann Taavet Hinrikus Roger Ehrenberg Alastair Michael Rampell David Wells Ingo Uytdehaage
Company Secretary	Jane Fahey
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

Strategic report

for the year ended 31 March 2020.

Moving the world's money, without borders.

TransferWise is a global technology company that's building the best way to move money around the world.

Whether you're sending money to another country, spending money abroad, or making and receiving international payments for your business, TransferWise is on a mission to make your life easier and save you money.

More than 7 million people and businesses have stopped using banks and traditional exchange services because TransferWise is cheaper, faster and easier to use. Large companies and banks use TransferWise technology too; an entirely new cross-border payment network that can one day power money without borders for everyone, everywhere.

TransferWise's product suite includes the borderless account and debit card, its money transfer service, and its Application Programming Interface (API) for larger enterprises and bank partnerships.

TransferWise today

(31 March 2020)

2,100 people work at TransferWise of 70+ nationalities, and across 14 global offices.

Offers **2,500** currency routes across 50+ currencies.

FY2019

5 million customers

FY2020

7 million customers

107,000 new business customers in the financial year.

1 million borderless debit cards issued in

£2 billion held in borderless accounts.

	Total volume of,	Cross currency volume of,
FY2019	£36 billion	£27 billion
FY2020	£67 billion	£42 billion

Every year, TransferWise customers save **£1 billion**

£3 million a day compared to using a bank for the same transaction.

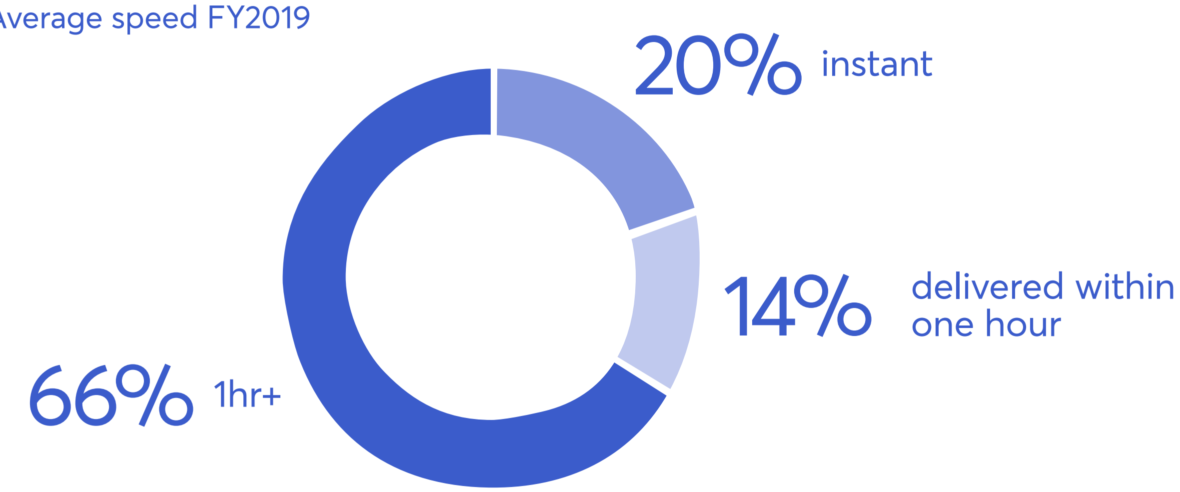
Mission and progress.

TransferWise was founded in 2011 with one mission - to build money without borders: instant, convenient, transparent and eventually free. Our co-founders Kristo and Taavet wanted to stop the global practice of banks and brokers charging extortionate hidden fees, resulting in expensive, slow international payments. This mission is the northstar that guides our product and all our decisions. It's what makes TransferWise so unique.

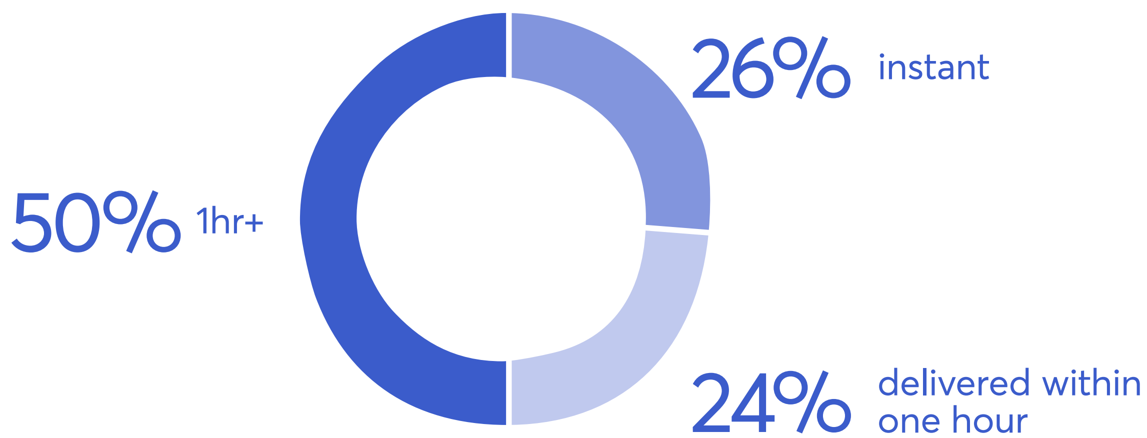
Nine years on, it's still early in our journey, but we're making real progress.

Speed

Average speed FY2019



Average speed FY2020



Convenience

We brought the much anticipated TransferWise debit card to the US in 2019, followed by Australia, New Zealand and Singapore.

The borderless multi-currency account now offers much more. It supports direct debits, Google Pay and Apple Pay in the UK, Europe and the US, and has a new Send Money to Friends feature for all our global customers.

API partnerships with Xero and GoCardless brought TransferWise speed and convenience to a broader business audience, plus a landmark integration with Alipay will now allow their 1.2 billion customers to receive Chinese Yuan via TransferWise instantly.

Banks across three continents have now embedded TransferWise services in their internet banking apps. By the end of March 2020, we were live with 8 banks across the US, Canada, UK, Germany, Portugal, the Netherlands and Estonia, giving their millions of customers a more convenient way to use TransferWise.

Transparency

In 2018 Governments made significant commitments towards transparency in foreign currency payments. The EU's Cross-Border Payments Regulations II state that the consumer must know the full costs and charges of international transactions upfront. TransferWise has always taken this approach, but no Government has ever made transparency law before. The new law went into effect in April 2020, and while Covid-19 has delayed implementation in some countries, we expect the law to be enforced in the coming months.

Price

Our goal is to gradually move the costs of sending money abroad to as close to zero as possible, leveraging our payment network and efficiencies of scale.

Average price for cross-currency payments FY2019

0.65% of the amount sent

Average price for cross-currency payments FY2020

0.68% of the amount sent

Although average prices increased overall, we made progress in some regions. Thanks to increased volumes on the route, we were able to drop prices for sending money to South Africa by an average of 16%. We also had a number of price drops in Asia - sending money to Indonesia, Malaysia, Pakistan and the Philippines all got cheaper.

A year of global growth.

2019

May

We announced a secondary sale of shares of $292m. The transaction valued TransferWise at $3.5bn.

Jun

The TransferWise Mastercard reached the USA.

We secured a remittance licence in Malaysia, making it the fourth Asian country TransferWise customers can send money to and from. The service went live in November 2019.

Aug

Australia and New Zealand welcomed the TransferWise Platinum Mastercard, at an average of 11 times cheaper for foreign exchange spending than other debit, prepaid and credit cards in the market.

Sept

In our second US product launch of the year, we took TransferWise for Banks to America with two new integrations. Novo, a business banking start-up focused on small companies, and established player Stanford Credit Union, which provides banking services to the Stanford University community.

Oct

Our first ‘from currency’ in the Middle East! We announced our new licence to send money from AED under the Abu Dhabi Global Market Financial Services Regulatory Authority. In April 2020 our service went live on the currency route.

We brought the TransferWise Mastercard to Singapore. It launched as the first travel debit card in the market that uses the mid-market exchange rate.

Nov

A major month for TransferWise for Business. SMB favourite Xero partnered with TransferWise to launch a new offering, Pay with TransferWise. The new product solved a major problem for their business customers, allowing them to pay suppliers and other bills with the platform.

GoCardless created the first global network for bank debit, powered by TransferWise. Now GoCardless customers can collect recurring overseas payments at the real exchange rate.

Dec

We took TransferWise for Banks to Canada, with the digital arm of Equitable Bank, EQ Bank, first to launch us for their customers.

2020

Jan

We added new features for our borderless account customers, including direct debits to help people using the account to pay for utilities.

Mar

A huge leap into the Chinese market, partnering with Alipay to enable instant money transfers to Chinese Yuan. Alipay serves more than 1.2 billion customers globally.

ActivoBank, the digital arm of Millennium BCP, launched as the first Portugese bank to offer TransferWise in their apps.

Apr

A major win for transparency, the EU’s Cross-Border Payments Regulations II came into force, mandating transparency in intra-EU international payments.

Founder

The financial year 2020 has been a year of truly global growth. We've expanded our worldwide footprint, and taken our product portfolio far beyond the transparent, cheap, fast and convenient money transfers that we're known for.

We're revolutionising international banking with our borderless account, and today hold over £1.97 billion in customer accounts. TransferWise is also providing a greater range of features in response to customer demand. Financial year 2020 saw us bring the borderless account and debit card to the US, Australia, New Zealand and Singapore. 7 million people have now left banks and traditional providers to find a better way with TransferWise.

review.

We're working on a huge problem.

Even with some rewarding progress, our mission is far from complete. We're fixing how money is moved around the world. That means lowering the cost of money transfers to near zero, and eradicating the large, hidden margins of the incumbent players. And it means continuing to take this service to all the people and businesses around the world who need it.

The problem we're working on affects most people managing their income and expenses across borders. Every year, it's estimated that people and small-to-medium businesses transfer c.$10 trillion internationally.[1] But traditional bank networks are local, making international transfers expensive, slow and inconvenient. There's an inherent lack of transparency in the industry, which means banks and exchange services hide their charges in bad exchange rates. Transactions are typically advertised as 'free', '0% commission', or at one low upfront fee, whilst a far greater charge is hidden in an exchange rate mark-up.

The cost of transfers to both individuals and businesses continues to be far too high across the industry. As of March 2020, the World Bank put the global average total cost of remittance at 6.79% of the transfer value. While the trajectory is going in the right direction - that cost has decreased from 10% in 2009 - it's still high and hidden.

TransferWise's pricing is always transparent, with the full cost of the transaction shown upfront. On average it cost 0.68% of the transfer value to move money across borders with TransferWise in this financial year. For some established currency routes like GBP-EUR, the TransferWise fee is less than 0.4%.

[1] McKinsey, Global Payments 2018

General business review and KPIs

In this financial year we've continued to grow in three ways. First, we've increased the pace at which people and businesses in our supported markets switch their international activity away from their bank or exchange service to TransferWise. Second, we've expanded our geographic coverage, launching services in the UAE, Malaysia and for business customers in Japan, to offer more people the chance to use TransferWise. Finally, we've established products for new customer segments, such as TransferWise for Banks.

The borderless account has evolved to replace old world international banking. Customers can now hold money in 50+ different currencies, with local account numbers in five currencies - for the UK, Eurozone, Australia, New Zealand and the US. The accompanying TransferWise debit card is available in each of these markets, plus Singapore, with one million debit cards issued. People are increasingly using the account for a more diverse range of needs than simply sending money and receiving funds from abroad, with new features including direct debits, Send Money to Friends, and Apple Pay.

TransferWise for Business continues to grow at pace, with 107,000 new customers - from sole traders, through to SMBs and larger companies - joining in the financial year. We've also signed a number of landmark API partnerships, expanding the usage of our payments rails to solve a range of customer problems. Accounting software provider Xero partnered with TransferWise to launch Pay with TransferWise. The new product solves a major problem for their business customers, allowing them to pay suppliers and other bills

Revenue growth

£177.9 million FY2019

£302.6 million FY2020

Profits before tax

£10.1 million FY2019

£20.4 million FY2020

with the platform. GoCardless, which works with more than 50,000 businesses to provide an easy way to collect recurring payments, also partnered with TransferWise. GoCardless customers can now collect overseas payments at the real exchange rate in a range of the most popular global currencies.

We've also seen increasing demand for TransferWise for Banks, with 8 integrations live to date. Banks recognise that delighting their customers with faster, cheaper and more convenient payments by TransferWise, but offered through the bank's own app, means they keep their customers in their ecosystem whilst gaining a competitive advantage. The last financial year saw the expansion of the product into the US, Canada and Australia.

During financial year 2020, a total of £67billion in customer payments was processed by TransferWise. Of this, £42 billion was cross currency volume. This is an uplift on the figures for the 2019 financial year, which ended with a total volume of £36 billion, of which £27 billion was cross-currency. The year shows revenue of £302.6 million (2019: £177.9 million) with a profit before tax of £20.4 million (2019: £10.1 million).

2020 is the fourth consecutive financial year in which TransferWise has been profitable whilst continuing to scale fast. Sustainability is an essential element of the mission as we seek to lower the cost and price of moving money around the world. Our long term success requires prudent investments in growth, marketing and staff, and a precise understanding of the underlying economics of our services.

Educating consumers, stakeholders and the wider industry about the damaging lack of transparency in foreign currency exchange continues to be core to progressing our mission. In 2018, the EU's Cross-Border Payments Regulations II stated that the consumer must know the full costs and charges of intra-EU international transactions upfront. We've since seen the law come into effect in April 2020. Slowly, the industry is moving towards TransferWise's transparent model.

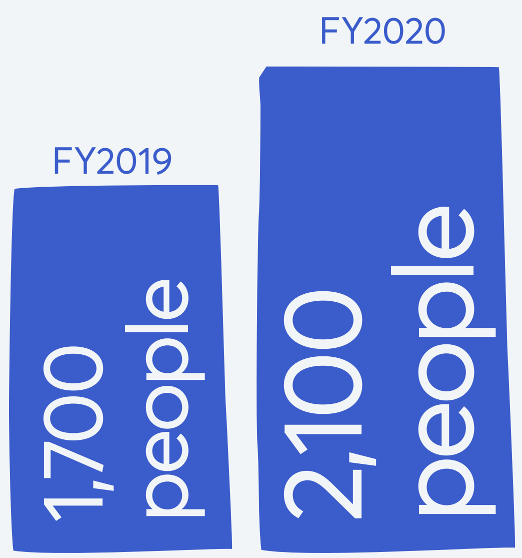
On the eve of our first decade, we've made strides towards achieving our mission. There's still a long way to go in bringing our product to all the people and businesses who need it. So whilst we take pride in the £1 billion we save customers every year, we remain focused on the hundreds more billions that are still wasted in hidden fees. With our global reach significantly expanded, 2020 has set the business up to reach new audiences in the coming years. We look forward to reviewing our impact again next year, as we take further steps towards a more transparent financial future.

On behalf of the Board of directors:

Kristo Käärmann, Director

Date: 10 September 2020

Our people.



70+
nationalities

Working in
14 cities
around the world.

52%
men

48%
women

Crucial to our success and growth as an organisation is hiring people who care deeply about our mission and are guided by our values. Last year, we hired over 1,100 roles to help us make a positive, important change to moving money internationally. This grew our global headcount from 1,700 employees to 2,100.

We're a global tech company with a big mission and a start-up heart. Our people care deeply about the TransferWise mission, and we strive to keep the magic of our culture alive as we scale.

At TransferWise, personal growth and impact is built through a willingness to make a difference to our customers' lives and step outside of your comfort zone. Freedom, autonomy and trust are baked into our culture, and we invest in the growth of our employees from the point of onboarding through to learning and development, knowledge sharing and regular 360 degree feedback.

We're proud of our 4.5 Glassdoor rating.

Response to Covid-19.

At the time of writing, we're in the middle of a global pandemic. Our main priority is offering a disruption-free service to our customers, whilst maintaining the wellbeing of our team. All our employees are working from home to protect their health and that of the wider community. Remote working has always been part of our culture, so we're already set up to be operational for the long term.

We believe that when our people feel good, this shows in the work they do. As well as our existing benefits such as paid sick leave, health insurance, local gym and wellbeing discounts, an Employee Assistance Helpline, CBT (Cognitive Behavioural Therapy) sessions and weekly meditation, we've provided additional support to help employees working from home, including an allowance for office equipment.

Looking after our communities.

We're committed to making an active contribution to the communities we live in around the world. When we come together twice yearly for Mission Days, we take the time to help local grassroots initiatives by giving employee time to good causes.

Consistent with the way we work, we empower our employees to solve the problems they see a solution to. Whilst we deliberately don't have a formal Corporate Social Responsibility programme, we encourage and trust our employees to take part in initiatives they are passionate about.

Whether it's helping out at community centres in Tallinn, developing mentoring partnerships with schools in London, providing skills-based sessions for working world readiness or helping to clean up recreational spaces in Singapore, we connect with our neighbours.

Diversity and Inclusion.

We're proud to be an inclusive employer with a number of policies designed to help current and future employees. This year we identified a number of areas we wanted to make progress on:

- Helping more diverse Engineering candidates find TransferWise to increase the diversity of our teams
- Enabling the women already working at TransferWise to grow their careers, through defined career maps, transparent pay and stock ranges
- Headhunting and promoting more women into senior leadership positions - we've pledged to increase women in senior leadership at TransferWise to 40% by the end of 2021, alongside a 2020 commitment to appoint at least one female board member
- Building greater awareness of inclusivity within our company

In the UK, we publicly shared our Gender Pay Gap data for the first time and shared our commitments towards progress. Our data told us that we haven't hired or developed enough women into the best paid and most senior roles within our London team. We know that to achieve TransferWise's longer-term mission, we have to solve the gender pay gap too.

In 2019 TranferWise signed the Women in Finance Charter making a commitment to women in leadership targets. TransferWise also supports DevelopHer, and actively participated and supported Women Who Code.

Equal pay.

We are committed to fairness and equality, and there are no reasons why pay should be different between individuals doing the same role. We're committed to equal pay and complete annual audits to ensure we are upholding this standard.

To support equal pay decisions, we have established competitive and transparent salary ranges for every role, reviewed at least annually. This ensures clarity, fairness and open discussion across the company when it comes to pay, as well as equality in pay decisions.

Code of conduct.

Our Code of Conduct helps guide all our employees about what is expected of those working at TransferWise, and how we care about them. It's made up of 3 important pillars - how we look after each other, our customers and TransferWise overall. We strongly believe in empowering our employees to speak out about anything that makes them feel uncomfortable, so that they know how to raise any issues in a safe and confidential way.

Taking care of the environment.

Our response to the climate crisis is emission zero.

In the same way that we are working to drop our prices to their theoretical minimum - as close to zero as possible - we are beginning a similar journey with our carbon emissions: emission zero.

In Q1 2020 we made a commitment to be carbon neutral from 2020 onwards. This is a significant step and one that we believe all business should strive to take.

We will initially achieve neutrality via an offsetting program.

All emissions created by our business - our offices, our travel, our servers - have been meticulously calculated and will be offset.

But while offsetting is a good start, it is not the long-term solution. For that reason, we are also committing to reduce our actual carbon footprint per employee, by implementing a series of greener ways of working.

We look forward to reporting on the impact of this positive work in the coming quarters and hope all other businesses make this a priority too.

Our approach to risk management.

We understand how crucial it is to have an appropriate risk management and control environment to support our mission. Our business model exposes us to many risks, and we work together to ensure that our process of managing those risks is core to our ways of working.

We have a risk management framework that lays out key policies and procedures, sets clear risk appetite statements and provides a toolkit for our people to use in their day to day. We operate a Three Lines of Defence model and report to our Board throughout the year about our risk profile and the effectiveness of risk management.

We have defined four principal areas of risk which require continuous management and reporting →

1 Regulatory compliance and financial crime risk.

This includes the risk of not meeting relevant legislation, rules, and regulations which could cause customer harm, financial losses or reputational damage and failing to create the mechanisms to detect and prevent financial crime and protect our customers. We operate in a highly regulated environment, meaning we are exposed to many forms of risks related to compliance with a broad range of laws and regulations in a large and increasing number of jurisdictions. Our activities involve significant transactions in client funds and we are exposed to increased risk of criminal activity and potential losses due to breaches in terms of business by our customers.

We strive to consistently meet all required regulations and minimise the risk of financial crimes occurring across all products. Our risk appetite defines that we have zero tolerance for any loss of licence or public issuances from the regulators that may inhibit our ability to serve our customers. We ensure that our practices in combating financial crimes extend beyond satisfying regulatory obligations and centre on protecting our customers and the group from harmful effects of money laundering and terrorist financing.

2 Financial risk.

This includes three types of risk:

1. Our exposures to currencies and interest rate movements, which we consider to be our market risk. We provide our customers with foreign exchange services, meaning we have exposure to fluctuations in the currency exchange rates, in the main Sterling, US dollar and Euros. Market risk is managed and controlled by effectively managing assets and liabilities, and avoiding significant exposures in a particular currency.

2. The risk that we are unable to meet short term financial obligations and long term liabilities as they become due: our liquidity risk. We have a number of differing cash flow obligations as part of our global operations and are required to safeguard customer funds as well as meet operational funding requirements such as salaries and supplier invoices, in varying currencies, in the course of our business. We typically only pay out funds to customers once the customer has sent the payment to ensure that there are sufficient capital resources to meet the cash flow liabilities. We have a group defined policy which lays out how we maintain sufficient cash reserves and debt facilities to support our growth.

3. The risk that our counterparties will not meet their obligations, which we consider credit risk. We manage credit risk by working with quality payment partners, including banks and non-bank financial institutions. We use externally available information to perform credit checks on our partners as part of our due diligence process.

Please also refer to Note 3 for additional information related to Financial risk.

3 Security & data privacy risk.

This involves the risk of loss resulting from failure to adequately restrict access to systems, data, non-alignment of IT strategy with group strategy, incomplete or inaccurate data in systems, as well as inadequate applications and inadequate or outdated technology infrastructure to support our needs. We are a digital financial institution and as such we recognise that cyber security threats represent a significant risk to our business as a result of access to our systems or customer and payout data. We handle large amounts of personal data regarding our customers and must adhere to the strict data protection and privacy laws and regulations.

We have launched a number of technical and group wide initiatives to reduce these security risks:

- Security risk management
- Training
- Testing
- Auditing

We continue to invest in our digital platforms and are focused on building robust and secure technology which prevents breaches of data privacy and security.

4 Operational risk.

This involves the risk that we incur losses resulting from inadequate or failed internal processes and systems, or losses due to actions performed by employees or external events. We rely significantly on operational processes, IT and related systems and having the right people in the right roles at the right time. In certain instances, these processes and systems may not operate as expected, may not fulfil their intended purpose or may be damaged by disruptive events such as cyber crime or human error.

We continue to invest in robust operational systems and controls to help us respond to unexpected events in a structured and timely way, whilst completing detailed planning and testing. We are attracting and retaining the right people to support this journey, and investing in core teams across the group.

Future uncertainties.

At TransferWise, we strive to build a business for the future; a business which is sustainable and resilient to any potential downturn or significant risk event. In recent years we have learned that our business can weather macroeconomic geopolitical events such as Brexit or, more recently, the COVID-19 pandemic (please also refer to Note 1.1 Going Concern and 'Response to COVID-19' section above for additional information related to COVID-19's impact). This is testament to the investment made in the business' operating model and ability to adapt to a rapidly changing landscape.

We first observed the COVID-19 pandemic as an emerging risk in January 2020, initially recognising the risk to our customers and also our people. A number of early steps were taken as preventative measures to reduce the impact on the business globally.

We introduced work streams supporting the overall response to the pandemic that included an impact assessment, business continuity and disaster plans and financial scenario planning, people and key communications management. This approach to date has proven effective as we've successfully navigated the global widespread disruption experienced in the past months.

We acknowledge that there are always areas of uncertainty, threat and potential vulnerability which could impact our business, and these are only heightened by the COVID-19 pandemic.

1. Compliance risk - We will continue to face the ever changing regulatory environment on a global scale given our borderless business model.

2. Security & data privacy risk - Our responsibilities to the privacy of our customer's data will remain at the core of what we do, recognising that cyber risk exposure is constantly evolving.

3. Financial risk - Markets will likely continue to see ongoing volatility, which we will continue to monitor and respond to as necessary.

4. Operational risk - We appreciate that, for the foreseeable future and post COVID-19, there may be systemic changes to our operating environment globally.

Governance at Transferwise.

In accordance with the Companies Act 2006 (the 'Act') (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the Directors provide this statement describing how they have had regard to the matters set out in section 172(1) of the Act, when performing their duty to promote the success of the Company, under section 172. In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), this statement also provides details of how the Directors have engaged with and had regard to the interest of our key stakeholders - customers, employees, shareholders and vendors.

1 Purpose and Leadership.

Our Board is here to promote the long-term success of TransferWise by helping us meet our obligations to customers, employees, shareholders and all of our other stakeholders. The Board monitors our progress towards achieving our mission of money without borders, has overall responsibility for appropriate risk management and internal control systems, and keeps an eye on our culture and values.

At TransferWise, we don't have a traditional hierarchical structure and work in independent, autonomous teams. Our board and leadership team provide direction but it's up to our teams to set their own strategy and figure out how they will work together to achieve it. So while the Board does not set our strategy in the traditional way, it does review and challenge it, ensuring that it keeps us on track to achieve our mission.

2 Board Composition.

Our board is composed of 6 directors. Two of our directors, David Wells and Ingo Uytdehaage, qualify as independent non-executive directors under the UK Corporate Governance Code. We also have two investor non-executive directors, Roger Ehrenberg and Alastair Rampell, plus our founders, Kristo and Taavet.

In July 2019 we appointed two independent non-executive directors, David and Ingo, to the Board. Ingo also chairs the Audit and Risk Committee. He brings expertise in building an international payments company and engaging with regulators and government stakeholders all around the world. While CFO at Netflix, David was responsible for global payments and he brings his expertise in both payments and consumer tech to TransferWise.

3 Director Responsibilities.

Our Board meets every quarter to review progress against our mission, risk and governance and to oversee the work of the board committees.

The Directors recognise that they have a duty under section 172 of the Companies Act 2006 to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard, amongst other matters, to the:

The likely consequences of any decisions in the long-term.

Our board's focus is centred on our mission - to build money without borders: instant, convenient, transparent and eventually free. This naturally results in decision making with a long term focus. Some examples of decisions taken during the year include the establishment of two new board committees, the adoption of an Enterprise Risk Management Framework, investments in scaling our infrastructure, an investor and employee secondary sale, and an increase and extension of our revolving credit facility providing additional liquidity and even greater financial resilience. For more information on progress towards our mission see pages 7—8.

The interests of the company's employees.

Our board actively considers the interests of our people in decision making. Most notably, the board oversaw a secondary share sale during the year, giving employees an opportunity to participate. A remuneration committee was established to help ensure our remuneration policies and practices are fair and equitable, support our mission, and promote long-term sustainable success.

The need to foster the company's business relationships with suppliers, customers and others.

Our customers are at the heart of our mission and all decision making by our board. For more information on our mission and progress see pages 7—8.

The impact of the company's operations on the community and environment.

We're committed to making an active contribution to the communities we live in and the environment. For more information see:

- Environmental matters
- Social matters
- Respect for human rights

The desirability of the company maintaining a reputation for high standards of business conduct.

TransferWise has a well-developed culture of high standards for business conduct. Our employees are expected to look out for each other, for our customers, and for TransferWise. A copy of our Code of Conduct is shared with all new joiners and our Whistleblowing Policy is operationalised and reviewed by our board on an annual basis.

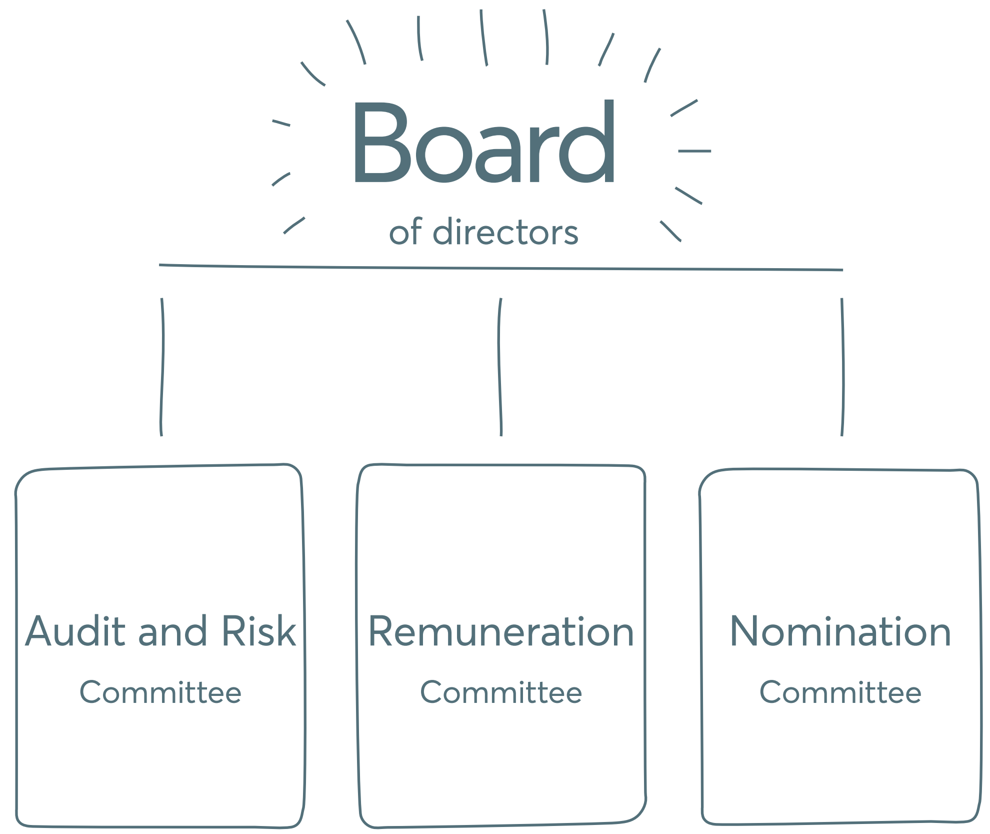
The need to act fairly as between members of the company.

Our board is committed to open engagement with all our shareholders, whether employees, institutional investors, venture capital firms or private investors. The level of access and information shared is provided for under our articles of association and subscription and shareholders' agreement.

Our employees receive regular updates at biweekly company-wide calls and at Mission Days, a twice-yearly event where we get together as a company to review our progress on achieving our mission.

4 Our Governance Journey.

We've made lots of progress on governance during the year, including the appointment of two independent directors to our Board and the establishment of Remuneration and Nomination Committees in addition to the existing combined Audit and Risk Committee.



Directors' report

for the year ended 31 March 2020.

The directors present their Report and the audited consolidated financial statements for the year ended 31 March 2020.

Principal activity.

The Group's principal activity is to give people new ways to manage money internationally, including sending and receiving it abroad.

Future developments.

The strategic report includes an analysis of the Group's financial risk management policies, general business review and key performance indicators. Also further information supporting the going concern basis may be found in Note 1.1 of the financial statements.

Dividends.

The Group has not declared or paid out any dividends for the years ended 31 March 2020 and 2019.

Financial instruments.

The overview of the Group's financial instruments including an assessment of credit risk, liquidity risk and cash flow risk is disclosed in the Note 3 to the financial statements.

Directors.

The Directors of the Company during the year and up to the date of approval of these financial statements were:
Kristo Käärmann
Taavet Hinrikus
Roger Ehrenberg
Alastair Michael Rampell
David Wells (appointed 17th July 2019)
Ingo Uytdehaage (appointed 17th July 2019)

Research and development.

During the year the Group capitalised £14.7 million (2019: £11.3 million) of software development costs.

Employees.

The average number of employees during the financial year ended 31 March 2020 was 1,881 in offices located around the world. The number of employees is expected to continue to grow in line with global expansion and product development.

To grow the team, TransferWise continues to attract and keep the best talent that can build and deliver for customers. TransferWise does this by considering all applications equally and giving employees the support they need, independent of circumstance or background.

Branches and overseas registered offices.

Information on TransferWise Ltd subsidiaries is disclosed in Note 10 to the financial statements. The Group has following branches and overseas registered offices outside of the UK during 2019 and 2020 financial years:

Name	Country	Registered address
Transferwise Ltd	Australia	Level 40, Gateway, 1 Macquarie Place, Sydney, NSW, Australia 2000
Transferwise Ltd	Hong Kong	Suite 1201, Tower 2, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong
Transferwise Ltd, Eesti Filiaal	Estonia	Veerenni tn 24, Tallinn city, Harju county, 10135, Estonia
TransferWise Ltd. Magyarországi Fióktelepe	Hungary	Current: 1133 Budapest, Váci út 80., Hungary Previous: 1093 Budapest, Vámház körút 13, Hungary
Transferwise Ltd	New Zealand	Suite 5455, 17b Farnham Street, Parnell, Auckland, 1052, NZ
TransferWise Ltd	Netherlands	Kingsfordweg 15 1043GR Amsterdam

Post balance sheet events

There have been no material post balance sheet events.

Going concern.

The directors believe that the Group has adequate resources to keep operating and meeting liabilities for the foreseeable future. The directors continue to adopt the going concern basis in preparing the financial statements. Further information supporting the going concern basis may be found in Note 1.1 of the financial statements.

Statement of directors' responsibilities in respect of the financial statements.

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 parent company and of the profit or loss of the group and parent company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- state whether applicable IFRSs as adopted by the European Union have been followed for the group financial statements and IFRSs as adopted by the European Union have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements;

- make judgements and accounting estimates that are reasonable and prudent; and

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

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

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

Directors' confirmations.

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

- so far as the director is aware, there is no relevant audit information of which the group and parent company's auditors are unaware; and

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and parent company's auditors are aware of that information.

On behalf of the board of directors:

Kristo Käärmann, Director

Date: 10 September 2020

Independent auditors' report to the members of TransferWise Ltd.

Independent auditors' report to the members of Transferwise Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Transferwise Ltd's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2020 and of the group's profit and the group's and the company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the company's financial statements, as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and consolidated financial statements (the "Annual Report"), which comprise: the Consolidated and Company statements of financial position as at 31 March 2020; the Consolidated statement of comprehensive income, the Consolidated and Company statements of cash flows, and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the summary of significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Reporting on other information

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

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

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

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 28, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Brian Henderson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
Date: 10 September 2020

Consolidated statement of comprehensive income

for the year ended 31 March 2020.

All amounts are in £ million unless otherwise stated

Group	Note	Year ended 31 March 2020	2019
Revenue	4	302.6	177.9
Cost of sales	5	(117.6)	(69.7)
Gross profit		**185.0**	**108.2**
Administrative expenses	5	(165.7)	(97.4)
Investment and other income		2.5	1.2
Operating profit		**21.8**	**12.0**
Interest income		3.1	0.2
Interest expenses		(4.5)	(2.1)
Profit before tax		**20.4**	**10.1**
Income tax credit	7	0.9	0.2
Profit for the year		**21.3**	**10.3**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Fair value gain on investments		1.1	1.2
Currency translation differences		0.5	0.4
Total other comprehensive income		**1.6**	**1.6**
Total comprehensive income for the year		**22.9**	**11.9**

Management considers it to be relevant that "Investment and other income" is presented separately in the Consolidated statement of comprehensive income. Prior year comparatives for the year ended 31 March 2019 have been restated.

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

The Parent Company (hereinafter the "Company") has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company income statement. The profit after tax of the Parent Company for the year ending 31 March 2020 was £18.7 million (31 March 2019: £4.3 million).

The notes on pages 46 to 68 are an integral part of these consolidated financial statements.

Consolidated statement of financial position as at 31 March 2020.

All amounts are in £ million unless otherwise stated

Group		As at 31 March	
	Note	2020	2019
Non-current assets			
Property, plant and equipment	8	19.1	4.5
Intangible assets	9	21.3	20.4
Long term receivables	11	6.0	1.8
Deferred tax assets	7	9.7	8.2
Total non-current assets		**56.1**	**34.9**
Current assets			
Trade and other receivables	11	104.7	108.1
Short-term financial investments	12	114.1	109.7
Cash and cash equivalents	13	2,077.6	856.1
Total current assets		**2,296.4**	**1,073.9**
Total assets		**2,352.5**	**1,108.8**
Non-current liabilities			
Deferred tax liabilities	7	-	0.3
Borrowings	15	59.6	13.9
Trade and other payables	14	5.8	0.8
Total non-current liabilities		**65.4**	**15.0**
Current liabilities			
Borrowings	15	4.2	-
Trade and other payables	14	2,108.4	967.4
Total current liabilities		**2,112.6**	**967.4**
Total liabilities		**2,178.0**	**982.4**

Group		As at 31 March	
	Note	2020	2019
Equity			
Share capital and share premium	17	121.9	120.8
Share-based payment reserves	18	35.3	11.8
Other reserves	12	2.3	1.2
Retained earnings/(accumulated losses)		13.7	(8.2)
Currency translation differences		1.3	0.8
Total equity		**174.5**	**126.4**
Total liabilities and equity		**2,352.5**	**1,108.8**

The financial statements on pages 32 to 68 were authorised for issue by the board of directors on 10 September 2020 and were signed on its behalf:

Kristo Käärmann, Director

The notes on pages 46 to 68 are an integral part of these consolidated financial statements.

Company statement of financial position

as at 31 March 2020.

All amounts are in £ million unless otherwise stated

		As at 31 March	
Company	**Note**	**2020**	**2019**
Non-current assets			
Property, plant and equipment	8	13.7	3.2
Intangible assets	9	21.3	20.4
Long term receivables	11	5.3	1.4
Investments in subsidiaries	10	12.1	9.7
Deferred tax asset	7	9.1	8.1
Total non-current assets		**61.5**	**42.8**
Current assets			
Trade and other receivables	11	127.6	114.0
Short-term financial investments	12	114.1	109.7
Cash and cash equivalents	13	1,656.8	655.7
Total current assets		**1,898.5**	**879.4**
Total assets		**1,960.0**	**922.2**
Non-current liabilities			
Borrowings	15	55.9	13.9
Trade and other payables	14	5.5	0.7
Total non-current liabilities		**61.4**	**14.6**
Current liabilities			
Borrowings	15	3.4	-
Trade and other payables	14	1,731.4	788.8
Total current liabilities		**1,734.8**	**788.8**
Total liabilities		**1,796.2**	**803.4**

		As at 31 March	
Company	**Note**	**2020**	**2019**
Equity			
Share capital and share premium	17	121.9	120.8
Share-based payment reserves	18	35.3	11.8
Other reserves	12	2.3	1.2
Retained earnings/(accumulated losses)		3.9	(15.1)
Currency translation differences		0.4	0.1
Total equity		**163.8**	**118.8**
Total liabilities and equity		**1,960.0**	**922.2**

The financial statements on pages 32 to 68 were authorised for issue by the board of directors on 10 September 2020 and were signed on its behalf:

Kristo Käärmann, Director

Consolidated statement of changes in equity for the year ended 31 March 2020.

All amounts are in £ million unless otherwise stated

Group	Note	Share capital and share premium	Share-based payment reserves	Other reserves	Retained earnings/ (accumulated losses)	Currency translation differences	Total equity
At 1 April 2018		**120.6**	**4.9**	**-**	**(18.5)**	**0.4**	**107.4**
Profit for the year		-	-	-	10.3	-	10.3
Fair value gain on investments		-	-	1.2	-	-	1.2
Foreign currency translation differences		-	-	-	-	0.4	0.4
Share based employee compensation expense	18	-	7.0	-	-	-	7.0
Issue of share capital	17	0.2	(0.1)	-	-	-	0.1
At 31 March 2019		**120.8**	**11.8**	**1.2**	**(8.2)**	**0.8**	**126.4**
Change in accounting policy		-	-	-	0.6	-	0.6
Restated total equity at 1 April 2019	**1.3**	**120.8**	**11.8**	**1.2**	**(7.6)**	**0.8**	**127.0**
Profit for the year		-	-	-	21.3	-	21.3
Fair value gain on investments	12	-	-	1.1	-	-	1.1
Foreign currency translation differences		-	-	-	-	0.5	0.5
Share based employee compensation expense	18	-	24.4	-	-	-	24.4
Issue of share capital	17	1.1	(0.9)	-	-	-	0.2
At 31 March 2020		**121.9**	**35.3**	**2.3**	**13.7**	**1.3**	**174.5**

The notes on pages 46 to 68 are an integral part of these consolidated financial statements.

Company statement of changes in equity

for the year ended 31 March 2020.

All amounts are in £ million unless otherwise stated

Company	Note	Share capital and share premium	Share-based payment reserves	Other reserves	Retained earnings/ (accumulated losses)	Currency translation differences	Total equity
At 1 April 2018		**120.6**	**4.9**	**-**	**(19.4)**	**0.5**	**106.6**
Profit for the year		-	-	-	4.3	-	4.3
Fair value gain on investments		-	-	1.2	-	-	1.2
Foreign currency translation differences		-	-	-	-	(0.4)	(0.4)
Share based employee compensation expense	18	-	7.0	-	-	-	7.0
Issue of share capital	17	0.2	(0.1)	-	-	-	0.1
At 31 March 2019		**120.8**	**11.8**	**1.2**	**(15.1)**	**0.1**	**118.8**
Change in accounting policy		-	-	-	0.3	-	0.3
Restated total equity at 1 April 2019	**1.3**	**120.8**	**11.8**	**1.2**	**(14.8)**	**0.1**	**119.1**
Profit for the year		-	-	-	18.7	-	18.7
Fair value gain on investments	12	-	-	1.1	-	-	1.1
Foreign currency translation differences		-	-	-	-	0.3	0.3
Share based employee compensation expense	18	-	24.4	-	-	-	24.4
Issue of share capital	17	1.1	(0.9)	-	-	-	0.2
At 31 March 2020		**121.9**	**35.3**	**2.3**	**3.9**	**0.4**	**163.8**

The notes on pages 46 to 68 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2020.

All amounts are in £ million unless otherwise stated

Group		Year ended 31 March	
	Note	2020	2019
Cash flows from operating activities			
Cash generated from operating activities	16	1,187.8	687.0
Interest paid	15	(3.4)	(1.8)
Income tax paid	7	(2.4)	(2.5)
Net cash generated from operating activities		**1,182.0**	**682.7**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(3.1)	(2.3)
Payments for intangible assets	9	(15.0)	(11.3)
Net investments into financial assets	12	(2.8)	(109.4)
Interest received		6.4	1.1
Net cash used in investing activities		**(14.5)**	**(121.9)**
Cash flows from financing activities			
Proceeds from issue of shares	17	0.3	-
Increase/decrease in overdraft balances	15	-	(20.2)
Proceeds from the borrowings	15	35.0	13.6
Principal elements of lease payments		(4.1)	-
Net cash generated from / (used in) financing activities		**31.2**	**(6.6)**
Net increase in cash and cash equivalents		**1,198.7**	**554.2**
Cash and cash equivalents at beginning of year	**13**	**856.1**	**301.2**
Exchange gains on cash and cash equivalents		22.8	0.7
Cash and cash equivalents at end of year	**13**	**2,077.6**	**856.1**

The notes on pages 46 to 68 are an integral part of these consolidated financial statements.

Company statement of cash flows

for the year ended 31 March 2020.

All amounts are in £ million unless otherwise stated

Company		Year ended 31 March	
	Note	2020	2019
Cash flows from operating activities			
Cash generated from operating activities	16	981.8	544.8
Interest paid	15	(3.4)	(1.8)
Income tax paid	7	(1.4)	(0.1)
Net cash generated from operating activities		**977.0**	**542.9**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(2.9)	(2.0)
Payments for intangible assets	9	(15.0)	(11.3)
Net investments into financial assets	12	(2.8)	(109.4)
Investments in subsidiaries	10	(0.7)	(4.4)
Loans granted to subsidiaries		(13.1)	(0.3)
Loans repaid by subsidiaries		-	3.1
Interest received		4.8	1.4
Net cash used in investing activities		**(29.7)**	**(122.9)**
Cash flows from financing activities			
Proceeds from issue of shares	17	0.3	-
Increase/decrease in overdraft balances	15	-	(20.2)
Proceeds from the borrowings	15	35.0	13.6
Principal elements of lease payments		(3.0)	-
Net cash generated from / (used in) financing activities		**32.3**	**(6.6)**
Net increase in cash and cash equivalents		**979.6**	**413.4**
Cash and cash equivalents at beginning of year	**13**	**655.7**	**246.0**
Exchange gains on cash and cash equivalents		21.5	(3.7)
Cash and cash equivalents at end of year	**13**	**1,656.8**	**655.7**

The notes on pages 46 to 68 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements.

Notes to the consolidated financial statements

Note 1. Summary of significant accounting policies

1.1 Basis of preparation and accounting policies

The consolidated financial statements of TransferWise Ltd have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements are prepared on a going concern basis.

The Parent Company (the Company) is limited by shares and is incorporated and domiciled in England. The address of its registered office is 6th Floor TEA Building, 56 Shoreditch High Street, London E1 6JJ.

The financial statements are presented in millions of Pounds Sterling and have been prepared under the historical cost convention, except certain financial assets measured at fair value.

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

Preparation of financial statements requires critical accounting estimates which have been laid out in note 2.

Going concern

Given the significant impact of COVID-19 on the macroeconomic conditions in which the Group is operating, the Group have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the financial statements for the year ended 31 March 2020. The Group's going concern assessment considers the Group's principal risks (Note 3) and is dependent on a number of factors, including but not limited to, financial performance, volume of transactions and the ability to continue to operate the Group's debt structure within its financial covenants.

The company's going concern assessment is based on the forecast related to the first 12-months from the date of signing of Group financial statements for the year ended 31 March 2020, which is based on a severe but plausible downside scenario of the impact of COVID-19. The company's scenario analysis covered the cash position, compliance with the debt covenants and compliance with the global forecasted regulatory capital requirements. Whilst the company has experienced volatility mainly driven by macro economic factors, in form of both fluctuating volumes and dramatic shifts in currency values, our business model is trading in line with expectations as of June 2020 and we remain sustainable (profitable) as a business.

Based on these considerations, together with available market information and management's knowledge and experience of the Group's business activities, the Group has adopted the going concern basis in preparing the accounts for the year ended 31 March 2020.

1.2 Changes in accounting policy and disclosures

Adoption of New or Revised Standards and Interpretations

The following new or revised standards and interpretations became effective for the Group from 1 April 2019:

- IFRS 16, Leases. The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. The impact of the standard is disclosed in Note 1.3.

- IFRIC Interpretation 23, Uncertainty over income tax treatments. The new standard addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The impact of the standard is disclosed in Note 1.3.

There are no other new or revised standards or interpretations that are effective for the first time for the financial year beginning on or after April 2019 that would be expected to have a material impact to the Group.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for period ending 31 March 2020 and have not been early adopted by the Company. None of these are expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions:

All amounts are in £ million unless otherwise stated

- IFRS 3 amendments – definition of a business.
- IAS 1 amendments – classification of liabilities and definition of materiality.
- Amendments to IFRS 7, IFRS 9 and IAS 39 – interest rate benchmark reform.

1.3 Changes in accounting policies

IFRS 16 Leases

As indicated in Note 1.2 above, the Group has adopted IFRS 16 Leases retrospectively from 1 April 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019.

On initial application the Group recognised right-of-use assets in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. The Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at the date of initial application, i.e. as at 1 April 2019. On initial application, the weighted average of lessee's incremental borrowing rates which were applied to the lease liabilities was 5%.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard for leases previously classified as operating leases:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months, as at 1 April 2019, as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Measurement of lease liabilities

Group	Group	Company
	Year ended 31 March 2020	
Operating lease commitments disclosed as at 31 March 2019	28.9	22.3
Lease agreements out of IFRS 16 scope (Note 19)	-4.8	-4.8
Adjustments as a result of a different treatment of extension and termination options	-4.8	-4.8
Short-term leases not recognised as a liability	-0.1	-
Impact of the Discount Rate under IFRS 16 used at the date of initial application	-3.5	-2.3
Lease liability recognised as at 1 April 2019	**15.7**	**10.4**
Of which are:		
Current lease liabilities	3.3	2.4
Non-current lease liabilities	12.4	8.0

Adjustments recognised in the balance sheet on 1 April 2019

The change in accounting policy affected the following items in the balance sheet on 1 April 2019:

- right-of-use assets – increase by £15.7 million
- lease liabilities – increase by £15.7 million
- provisions – decrease by £0.6 million

The net impact on the Group's retained earnings on 1 April 2020 was an increase of £0.6 million.

The implementation of IFRS 16 has an impact on almost all commonly used financial ratios and measures of effectiveness. This is related to the fact that the operating lease costs were replaced by depreciation costs of assets under the right of use. In addition, the financial costs include interest on discounted leasing liabilities. The application of

IFRS 16 requires the Group to analyse data and make estimates and calculations that affect the measurement of lease liabilities and the valuation of assets under the right of use. They include assessing whether the contract includes leasing in accordance with IFRS 16 and determining the period of validity. The Group performs a detailed analysis of the duration of its contracts, in particular in terms of the extension options that it is entitled to in selected contracts.

The valuation of the lease liability is periodically settled with the lease payments. Assets due to the right of use are amortised on a straight-line basis, while liabilities under lease agreements are settled using the effective interest rate.

The impact of the lease standards that first came into effect on 1 April 2019 is also disclosed in Note 1.13.

IFRIC 23 "Uncertainty over Income Tax Treatments"

In 2017, the IASB issued IFRIC 23 "Uncertainty over Income Tax Treatments". The interpretation clarifies the recognition and measurement requirements when there is uncertainty over income tax treatments. In assessing the uncertainty, an entity shall consider whether it is probable that a taxation authority will accept the uncertain tax treatment. The Group adopted the interpretation on 1 April 2019 and has elected to apply the limited exemption in IFRIC 23 relating to transition for classification and measurement, and accordingly has not restated comparative periods in the year of initial application.

There are no adjustments to the carrying amounts of tax liabilities recognised at the beginning of the reporting period.

1.4 Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

1.5 Foreign currency translation

Functional and presentation currency

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Non-monetary assets and liabilities are translated at historical exchange rates if held at historical cost or year-end exchange rates if held at fair value, and the resulting foreign exchange gains or losses are recognised in either the income statement or shareholder's equity depending on the treatment of the gain or loss on the asset or liability.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average monthly exchange rates (unless exchange rates fluctuate significantly during the year, in which case the exchange rates at the transaction date are used), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and branches are recognised in other comprehensive income. When any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Cash collateral deposits are recognised under Trade and other receivables in the Statement of Financial Position.

1.7 Financial assets

Investments and other financial assets

The Group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss (FVTPL),
- financial assets at fair value through other comprehensive income (FVOCI),
- financial assets at amortised cost.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, where relevant, re evaluates this designation at the end of each reporting period.

Financial assets at fair value through other comprehensive income (FVOCI) comprise debt securities where the contractual cash flows are solely payments of principal and interest, and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets. On disposal of these debt investments, any related balance within the FVOCI reserve is reclassified to profit or loss.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets are subsequently carried at amortised cost using the effective interest method.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. For further information in relation to possible credit loss please refer to note 3.2.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a Group of assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Income recognition

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans is recognised as a revenue using the original effective interest.

1.8 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Right-of-use assets are depreciated over the lease term (2-7 years). Capitalised reconstruction and internal design costs of leased office space (shown as 'Leased office improvements' in the notes to the consolidated financial statements) are depreciated over the lease term and other office equipment over 2 years. Computer equipment is not recorded into property, plant and equipment but written off, as low value short-lived equipment in the Group.

1.9 Intangible assets – Internally generated software development costs

The Group develops software for providing currency exchange services. Development costs that are directly attributable to the design, development and testing of the software controlled by the Group are recognised as intangible assets when the following criteria are met:

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

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

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

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

Capitalised development costs are recorded as intangible assets and amortised over their estimated useful lives of two to three years (Note 2.1).

1.10 Trade and other payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Customer deposits are non-derivative liabilities to individuals or corporate customers for payments that have not been processed by the reporting date and are carried at amortised cost.

1.11 Revenue recognition

The Group primarily generates revenue from money transfer, borderless conversions and transfers services and also from debit card services. Fees on services provided are recognised once the Group's performance obligation has been completed i.e. the transferred funds delivered to the recipient.

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

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

Fees on services provided are recognised once the Group's performance obligation has been completed i.e. upon delivery of funds to the recipient. Revenue is derived from money transfer services applying the published mid-market rate offered to customers.

1.12 Investment income

Interest income from the financial assets at fair value through other comprehensive income is recognised as Investment and other income under the interest rate method.

1.13 Leases

A lease is an agreement whereby the lessor conveys to the lessee the right to use an asset for an agreed period of time in return for a payment or series of payments. Leases which transfer all significant risks and rewards incidental to ownership to the lessee are classified as finance leases. Other leases are classified as operating leases.

The Group as the lessee

Accounting policies from 1 April 2019

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Payments made under short-term leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. A lessee reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee; and affects whether the lessee is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

Initial measurement

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

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

Right-of-use asset is recorded within 'Property, plant and equipment' line in the statement of financial position.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date. Variable lease payments that depend on an index or a rate include, for example, payments linked to a consumer price index, payments linked to a benchmark interest rate (such as LIBOR) or payments that vary to reflect changes in market rental rates;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent measurement

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

Right-of-use assets are generally depreciated over the shorter of the asset's estimated useful life and the lease term on a straight-line basis. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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

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

Accounting policies until 31 March 2019

For the year ended 31 March 2019 the rentals paid where charged to the profit or loss on a straight-line basis over the period of the lease under the operating expenses.

1.14 Cost of sales

Cost of sales comprises the costs that are directly associated with the Group's principal revenue stream of money transfer services. This includes bank and partner fees and foreign exchange losses (i.e. the difference between the published mid-market rate offered to customers and the rate obtained by the Group in acquiring currency as required). Further details of the Group's cost of sales are included in note 5.

1.15 Current and deferred tax

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

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Group financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

1.16 Employee benefits

Short-term obligations

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

Long-term obligation

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

Share based payments

The Parent Company operates a scheme, under which the Group receives services from employees as consideration for equity instruments (options) of the Parent Company. The fair value of the employee services received in exchange for the grant of the options and awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted. Non-market vesting conditions are included in assumptions about the number of options and awards that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified existing conditions are to be satisfied. At each balance sheet date, the entity revises its estimates of the number of options and awards that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Statement of comprehensive income, with a corresponding adjustment to the equity reserves.

Note 2. Critical accounting estimates and judgements

The estimates and management judgements that risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2.1 Determination of the useful lives of intangible assets

The Group capitalises internally generated software costs, including direct development costs related to employee benefit expenses. The estimated useful lives of intangible assets are based on management's estimate of the period during which the asset will be used.

In accordance with IAS 38 paragraph 104 the Group shall annually review the expected pattern of consumption of the future economic benefits embodied in the asset and if there has been a change the amortisation method shall be changed to reflect the changed pattern.

At 1 April 2019, as a result of benchmarking analyses and internal research undertaken, the Group reassessed the useful life of intangible assets (except for mobile apps for which Group will continue to use a useful life of 2 years) from 5 years to 3 years from the date of starting capitalisation. This had the effect of increasing the amortisation expense for the year ended 31 March 2020 by £6.3 million.

2.2 Share-based payments

The Group uses the Black Scholes model to determine the fair value of options granted to employees. Information on such assumptions is disclosed in note 18. A change in these assumptions may affect charges to the income statement over the vesting period of the award.

If the valuation of the Group was changed by 5%, the annual share-based payment compensation expense would change up to £1.6 million.

2.3 Impairment of intangible assets

The Group capitalises internally generated software costs, including direct development costs related to employee benefit expenses.

In accordance with the accounting policy, if there has been a triggering event, the Group tests whether internally generated software development costs have suffered any impairment. These calculations require the use of estimates. Actual outcomes could vary from these estimates. Additional information is disclosed in note 9.

Note 3. Financial risk and capital management

This note further explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add context.

In the course of its business, the Group is exposed to the main financial risks: liquidity, credit, and market risk. The Group's financial risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

3.1 Liquidity risk

The Group's approach to managing liquidity risk is to make sure, as far as possible, that it always has enough liquidity to meet its liabilities when due, under both normal and stressed scenarios , without incurring unacceptable losses or risking damage to the Group's position.

Prudent liquidity management includes maintaining sufficient cash reserves and debt facilities to support this profile and growth. Cash flow forecasting is performed and Group finance monitors rolling forecasts of the Group's liquidity requirements to make sure it has enough cash to meet operational needs.

The breakdowns of trade payables and borrowings into current and non-current are shown in notes 14 and 15.

3.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit Risk is managed at Group level and comes mainly from the Group's cash and cash equivalents held in banks. If a bank or other financial institution has no independent credit rating, the Group evaluates its credit quality by analysing its financial position, past experience, and other factors.

All amounts are in £ million unless otherwise stated

The Group's maximum exposure to credit risk by class of financial asset is as follows:

Group	As at 31 March	
	2020	2019
Assets category:		
Cash and cash equivalents	2,077.6	856.1
Financial assets at fair value through other comprehensive income	114.1	109.7
Trade and other receivables	104.7	108.1
Assets subject to credit risk total	**2,296.4**	**1,073.9**

The fair value of cash and cash equivalents at 31 March 2020 and 31 March 2019 approximates the carrying value. Credit risk is mitigated as cash and cash equivalents are held with reputable institutions.

The Group's financial assets breakdown by credit rating of institution is as follows:

Group	As at 31 March	
	2020	2019
Credit rating (Moody's)		
Cash and cash equivalents		
Aa	1,285.9	539.3
A	364.6	220.1
Baa, Ba, B	315.6	21.6
Caa	0.6	0.8
No rating *	23.6	13.0
Cash in transit	87.3	61.3
Cash and cash equivalents total	**2,077.6**	**856.1**
Financial assets at fair value through other comprehensive income		
A	114.1	109.7
Financial assets at fair value through other comprehensive income	**114.1**	**109.7**
Trade and other receivables		
Aa	19.6	14.6
A	20.0	11.1
Baa, Ba, B	15.5	4.7
No rating *	49.6	77.7
Trade and other receivables total	**104.7**	**108.1**

* "No rating" includes payment providers and banks with no public credit rating. Before deciding to onboard third parties, the Group undertakes due diligence measures to assess and mitigate potential risks.

3.3 Market risk

Cash flow and fair value interest rate risk

Interest rate risk is the risk that cash flows will fluctuate in the future due to changes in market interest rates.

The Group is exposed to interest rate risk from floating interest rate borrowings (Note 15) and manages the potential that financial expenses increase when interest rates increase. Sensitivity analysis is used to assess the interest rate risk.

All amounts are in £ million unless otherwise stated

In a stressed scenario a change of 10 basis points in the interest rates of interest-bearing financial instruments at the reporting date would have changed profit and equity by £0.1 million.

Any reasonably possible change in the fair value of financial assets at fair value through profit or loss would not have significant impact on the Group's net profit.

The Group is exposed to foreign exchange risk that comes from holding assets and liabilities in numerous currencies and guaranteeing customers an FX rate on their money transfers for a limited period of time. Asset and liability foreign exchange risks come mainly from the US dollar, Australian dollar and Euro as well as future commercial transactions. Customer money transfer FX risk is actively monitored, and exposures are hedged.

The Group's exposure to foreign exchange risk by currency is as follows:

Group	As at 31 March	
Net exposure by currency	**2020**	**2019**
USD	10.6	(0.2)
AUD	10.4	2.8
EUR	8.1	11.9
INR	4.5	(1.2)
CHF	3.8	(3.5)
THB	3.3	1.8
JPY	3.1	6.4
Other financial assets	12.2	10.8
Other financial liabilities	(9.5)	(4.0)
Total FX exposure	**46.5**	**24.8**

The Group's sensitivity to foreign exchange fluctuations by currency is as follows:

Group	As at 31 March	
Sensitivity to 1% exchange rate change	**2020**	**2019**
USD	0.11	-
AUD	0.10	0.03
EUR	0.08	0.12
INR	0.05	(0.01)
CHF	0.04	(0.04)
THB	0.03	0.02
JPY	0.03	0.06
Other financial assets	0.12	0.11
Other financial liabilities	(0.10)	(0.04)
Total impact	**0.5**	**0.2**

3.4 Capital management

The Group's capital comprises ordinary share capital, share premium, reserves and accumulated losses.

The Group's objectives when managing capital is to:

- safeguard the Group's ability to continue as a going concern, so that the Group can continue to provide returns for shareholders and benefits for other stakeholders;
- adhere to regulatory requirements in each jurisdiction and
- maintain an optimal capital structure to reduce the cost of capital.

3.5 Carrying Amounts and Fair Values of Financial Instruments

The Group's financial assets mainly consist of cash, short-term trade and other receivables and listed bonds. Its financial liabilities include trade liabilities and obligations towards financial institutions. All purchases and sales of financial assets are recognised on the settlement date according to market conventions.

All amounts are in £ million unless otherwise stated

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cash flows.
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at fair value through other comprehensive income (FVOCI) comprise investments into highly liquid bonds with the objective of both collecting contractual cash flows and selling financial assets.

Financial assets and liabilities by measurement basis:

	Group		Company	
	As at 31 March		As at 31 March	
	2020	**2019**	**2020**	**2019**
Financial assets at amortised cost				
Long term receivables	6.0	1.8	5.3	1.4
Short term trade and other receivables	96.2	102.8	119.8	109.5
Cash and cash equivalents	2,077.6	856.1	1,656.8	655.7
Financial assets at amortised cost total	**2,179.8**	**960.7**	**1,781.9**	**766.6**
Financial liabilities at amortised cost				
Non-current borrowings	(59.6)	(13.9)	(55.9)	(13.9)
Non-current trade and other payables	(5.8)	(0.8)	(5.5)	(0.7)
Current borrowings	(4.2)	-	(3.4)	-
Current trade and other payables	(2,108.4)	(967.4)	(1,731.4)	(788.8)
Financial liabilities at amortised cost total	**(2,178.0)**	**(982.1)**	**(1,796.2)**	**(803.4)**
Financial assets at FVOCI				
Financial assets at fair value through other comprehensive income	114.1	109.7	114.1	109.7
Financial assets at FVOCI total	**114.1**	**109.7**	**114.1**	**109.7**

Fair value hierarchy

The Group estimates that the fair values of assets and liabilities reported at amortised cost in the statement of financial position as at 31 March 2020 and 31 March 2019 do not materially differ from the carrying amounts reported in the consolidated financial statements.

The carrying amount of current accounts receivable and payable less impairments is estimated to be approximately equal to their fair value.

IFRS 13 has sought to make measurements at fair value more consistent and comparable by categorising fair value according to the hierarchy of the inputs used to measure them. These are categorised from Level 1 as the highest priority to Level 3 as the lowest.

Level 1 – Quoted prices in active markets for identical assets or liabilities which the Group can access at the date of measurement.

All amounts are in £ million unless otherwise stated

Level 2 – Inputs other than quoted market prices included in Level 1 that are observable either directly or indirectly.

Level 3 – Inputs that are not based on observable market data.

The following table present the Group's and Company's assets and liabilities that are measured at fair value by the level in the fair value hierarchy as at 31 March 2020 and 31 March 2019:

	Group		Company	
	As at 31 March		As at 31 March	
	2020	**2019**	**2020**	**2019**
Measurement Level 1				
Financial assets				
Financial assets at fair value through other comprehensive income	114.1	109.7	114.1	109.7
Level 1 financial assets total	**114.1**	**109.7**	**114.1**	**109.7**

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

Financial instruments in level 2 and 3

At the end of reporting period the Group had no financial instruments in level 2 and 3.

Contractual maturity of financial assets and liabilities:

	Group		Company	
	As at 31 March		As at 31 March	
	2020	**2019**	**2020**	**2019**
Less than 1 year				
Short term trade and other receivables	96.2	102.8	119.8	109.5
Short-term financial investments	114.1	109.7	114.1	109.7
Cash and cash equivalents	2,077.6	856.1	1,656.8	655.7
Financial assets total	**2,287.9**	**1,068.6**	**1,890.7**	**874.9**
Current borrowings	(4.8)	-	(3.8)	-
Current trade and other payables	(2,108.4)	(967.4)	(1,731.4)	(788.8)
Financial liabilities total	**(2,113.2)**	**(967.4)**	**(1,735.2)**	**(788.8)**
Between 1 and 5 years				
Long term receivables	6.0	1.8	5.3	1.4
Financial assets total	**6.0**	**1.8**	**5.3**	**1.4**
Non-current borrowings	(61.0)	(13.9)	(56.6)	(13.9)
Non-current trade and other payables	(5.8)	(0.8)	(5.5)	(0.7)
Financial liabilities total	**(66.8)**	**(14.7)**	**(62.1)**	**(14.6)**

Note 4. Revenue

Revenue (by geographical regions)	Year ended 31 March	
Group	**2020**	**2019**
Europe	157.4	96.1
United States	78.7	44.5
Rest of the World	66.5	37.3
Total revenue	**302.6**	**177.9**

Total revenue consists of fees from money transfer services, including the Borderless product and from debit card services. During the financial year TransferWise continues to increase its currency routes and product suite, which has further diversified its revenue streams and geographic presence.

All amounts are in £ million unless otherwise stated

Note 5. Cost of sales and administrative expenses

Breakdown of expenses by nature:

Cost of sales and administrative expenses	**Year ended 31 March**	
Group	**2020**	**2019**
Bank and partner fees	84.2	52.1
Employee benefit expense	102.2	58.5
Outsourced services	48.6	37.5
Foreign exchange loss and other product costs	27.1	13.8
Depreciation and amortisation	20.6	6.3
Other administrative costs	12.2	9.2
Expected credit losses and bad debt provisions	3.1	1.0
Less: Capitalisation of staff costs	(14.7)	(11.3)
Total cost of sales and administrative expenses	**283.3**	**167.1**

During the year the Group (including its overseas subsidiaries) obtained the following services from the company's auditors and their associates:

	Year ended 31 March	
Group	**2020**	**2019**
Fees payable to the company's auditors and its associates for the audit of Company and Consolidated Financial Statements	0.4	0.2
Fees payable to company's auditors and its associates for other services:		
Audit of the financial statements of the company's subsidiaries	0.1	0.1
Other advisory services	0.2	0.3
Total amount payable to the Company's auditor and its associates	**0.7**	**0.6**

Note 6. Employee benefit expense

	Year ended 31 March	
Group	**2020**	**2019**
Salaries and wages	63.6	41.8
Share based payment compensation expense*	24.0	7.0
Social security costs	11.3	7.6
Pension costs	1.4	0.4
Other employment taxes and insurance cost	1.9	1.7
Total employee benefit expense	**102.2**	**58.5**

* Refer to the note 18 for details on share options granted to employees

The average number of employees (including directors) during the financial year ended 31 March 2020 was 1,881 (2019: 1,334 employees).

The total remuneration of executive directors during the financial year (wages, salaries and social security contributions) was £446 thousand (2019: £446 thousand). The salary of the highest paid director was £223 thousand (2019: £223 thousand). There were no share based payment schemes for executive directors in financial years ending 31 March 2020 and 2019. Refer to note 20 for details of transactions with key management personnel.

Note 7. Income tax expense

a) Income tax expense

	Year ended 31 March	
Group	**2020**	**2019**
Current income tax		
UK corporation tax	(0.9)	0.1
Foreign corporation tax	1.8	2.0
Total current tax expense	**0.9**	**2.1**
Deferred income tax		
Increase in deferred tax assets	(4.3)	(2.6)
Increase in deferred tax liabilities	2.5	0.3
Total deferred tax (benefit)/expense	**(1.8)**	**(2.3)**
Total income tax credit for the year	(0.9)	(0.2)

All amounts are in £ million unless otherwise stated

Note 7. Income tax expense (continued)

b) Factors affecting income tax expense for the year

	Year ended 31 March	
Group	**2020**	**2019**
Profit on ordinary activities before taxation	20.4	10.1
Profit on ordinary activities multiplied by the UK tax rate of 19% (2018: 19%)	3.9	1.9
Prior year adjustments	0.1	(3.0)
Effect of expenses not deductible	4.0	0.8
Effect of expenses deductible for tax purposes	(0.2)	-
Employee option plan	(6.1)	(0.6)
Difference in overseas tax rates	-	0.2
Other	(2.6)	0.5
Total income tax credit	**(0.9)**	**(0.2)**

A reduction in the UK corporation tax rate from 19% to 17%, effective from 1 April 2020, was substantively enacted on 6 September 2016. On 11 March 2020 it was announced that the UK tax rate will remain at the current 19% and this was substantively enacted on 17 March 2020.

Deferred taxes at the balance sheet date have been measured using these enacted tax rates.

c) Movement in deferred tax balances

Movement in deferred tax asset

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2020	**2019**	**2020**	**2019**
Opening deferred tax asset	**8.2**	**5.6**	**8.1**	**5.6**
Utilisation of tax losses in foreign subsidiaries	(2.1)	0.1	-	-
Utilisation of tax losses in parent company	(1.3)	0.9	(1.3)	0.9
Other short-term temporary differences	4.9	1.6	2.3	1.6
Closing deferred tax asset	**9.7**	**8.2**	**9.1**	**8.1**

Note 7. Income tax expense (continued)

The balance comprises temporary differences attributable to:

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2020	**2019**	**2020**	**2019**
Property, plant and equipment (capital allowances)	-	0.1	-	0.1
Utilisation of tax losses in parent company	4.7	5.5	4.7	5.4
Utilisation of tax losses in foreign subsidiaries	0.1	-	-	-
Stock options outstanding	6.7	2.2	6.3	2.0
Other short term temporary differences	0.9	0.7	0.4	0.6
IFRS16 initial adoption impact	1.9	-	1.9	-
Total deferred tax assets	**14.3**	**8.5**	**13.3**	**8.1**
			-	
Set-off of deferred tax liabilities pursuant to set-off provisions	(4.6)	(0.3)	(4.2)	-
Net deferred tax assets	**9.7**	**8.2**	**9.1**	**8.1**

Movement in deferred tax liability:

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2020	**2019**	**2020**	**2019**
Opening deferred tax liability	**0.3**	**-**	**-**	**-**
Other short-term temporary differences	(0.3)	0.3	-	-
Closing deferred tax liability	**-**	**0.3**	**-**	**-**

All amounts are in £ million unless otherwise stated

The balance comprises temporary differences attributable to:

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2020	2019	2020	2019
Depreciation	0.3	0.3	-	-
Unrealized gains/losses	-	0.3	-	-
Tax losses in foreign subsidiaries	1.3	-	1.3	-
Prepaid Expenses	0.1	-	-	-
Property, plant and equipment (capital allowances)	1.2	-	1.2	-
IFRS16 initial adoption impact	1.7		1.7	
Total deferred tax liabilities	**4.6**	**0.6**	**4.2**	**-**
Set-off of deferred tax asset pursuant to set-off provisions	(4.6)	(0.3)	(4.2)	-
Net deferred tax liabilities	**-**	**0.3**	**-**	**-**

The Group considers it probable that there will be sufficient taxable profits in the future to realise the deferred tax asset. Consequently, the asset has been recognised in full as of 31 March 2020. There were no unrecognised deferred tax assets as of 31 March 2020 and 31 March 2019.

Note 8. Property, plant and equipment

Group	Right-of-use assets	Leased office improvements	Office equipment	Assets under construction	Total
At 1 April 2018					
Cost	-	3.5	1.9	-	5.4
Accumulated depreciation	-	(1.0)	(0.9)	-	(1.9)
Net book value	-	2.5	1.0	-	3.5
Additions	-	0.5	0.7	1.1	2.3
Depreciation charge	-	(0.9)	(0.3)	-	(1.2)
Foreign currency translation differences	-	-	(0.1)	-	(0.1)
At 31 March 2019					
Cost	-	3.8	2.6	1.1	7.5
Accumulated depreciation	-	(1.7)	(1.3)	-	(3.0)
Net book value	**-**	**2.1**	**1.3**	**1.1**	**4.5**
Opening balance adjustment	15.7	-	-	-	15.7
Additions	1.8	1.9	1.8	-	5.5
Reclassifications	-	0.8	0.2	(1.0)	-
Depreciation charge	(4.0)	(1.7)	(0.8)	-	(6.5)
Write-offs		-	(0.1)	-	(0.1)
At 31 March 2020					
Cost	17.5	6.5	4.6	0.1	28.7
Accumulated depreciation	(4.0)	(3.4)	(2.2)	-	(9.6)
Net book value	**13.5**	**3.1**	**2.4**	**0.1**	**19.1**

No assets of Property, plant and equipment were pledged as of 31 March 2019 and 31 March 2020.

All amounts are in £ million unless otherwise stated

Note 8. Property, plant and equipment (continued)

Company	Right-of-use assets	Leased office improvements	Office equipment	Assets under construction	Total
At 1 April 2018					
Cost	-	2.6	1.4	-	4.0
Accumulated depreciation	-	(0.9)	(0.9)	-	(1.8)
Net book value	-	1.7	0.5	-	2.2
Additions	-	0.4	0.6	1.0	2.0
Depreciation charge	-	(0.7)	(0.2)	-	(0.9)
Foreign currency translation differences	-	-	(0.1)	-	(0.1)
At 31 March 2019					
Cost	-	2.7	1.9	1.0	5.6
Accumulated depreciation	-	(1.3)	(1.1)	-	(2.4)
Net book value	**-**	**1.4**	**0.8**	**1.0**	**3.2**
Opening balance adjustment	10.4	-	-	-	10.4
Additions	1.8	1.8	1.7	-	5.3
Reclassifications	-	0.7	0.2	(0.9)	-
Depreciation charge	(3.0)	(1.3)	(0.6)	-	(4.9)
Write-offs	-	-	(0.1)	-	(0.1)
Foreign currency translation differences	-	(0.1)	(0.1)	-	(0.2)
At 31 March 2020					
Cost	12.2	5.2	3.8	0.1	21.3
Accumulated depreciation	(3.0)	(2.7)	(1.9)	-	(7.6)
Net book value	**9.2**	**2.5**	**1.9**	**0.1**	**13.7**

No assets of Property, plant and equipment were pledged as of 31 March 2019 or 31 March 2020.

Note 9. Intangible assets

Group and Company	Software	Total
At 1 April 2018		
Cost	18.9	18.9
Accumulated amortisation	(4.9)	(4.9)
Net book value	**14.0**	**14.0**
Additions	11.3	11.3
Amortisation charge	(5.0)	(5.0)
Foreign currency translation differences	0.1	0.1
At 31 March 2019		
Cost	30.2	30.2
Accumulated amortisation	(9.8)	(9.8)
Net book value	**20.4**	**20.4**
Additions	15.4	15.4
Amortisation charge	(14.1)	(14.1)
Write-offs	(0.4)	(0.4)
At 31 March 2020		
Cost	45.6	45.6
Accumulated amortisation	(24.3)	(24.3)
Net book value	**21.3**	**21.3**

Software consists of capitalised development costs being an internally generated intangible asset.

All amounts are in £ million unless otherwise stated

Note 10. Investments in subsidiaries

The Company held the following investments in subsidiaries as of 31 March 2020:

Name	Nature of business	Effective holding	Country	Registered address
TransferWise Inc.	Online currency exchange service	100% of ordinary shares	USA	19 W 24th Street, Floor 9 New York, NY 10010
TransferWise Japan Kabushiki Gaisha	Online currency exchange service	100% of ordinary shares	Japan	1-6-1, Otemachi, Chiyoda-ku, Tokyo, Japan 100-0004
TransferWise Canada Inc	Online currency exchange service	100% of ordinary shares	Canada	99 Bank Street, Suite 1420, Ottowa, ONK1P 1H4, Canada
TransferWise Singapore PTE Ltd	Online currency exchange service	100% of ordinary shares	Singapore	12 Kallang Avenue, #03-20, Aperia, Singapore, 339511
TransferWise Brasil Correspondente Cambial Ltda.	Online currency exchange service	100% of ordinary shares	Brazil	Av. Bernardino de Campos, 98, 7° andar, conjunto 37, Paraiso, na Cidade de Sao Paulo
TransferWise Malaysia Sdn. BHd.	Online currency exchange service	100% of ordinary shares	Malaysia	Level 19-1, Menara Milenium, Jalan Damanela, Pusat Bandar Damansara 50490 Kuala Lumpur
TransferWise Australia Pty Ltd	Online currency exchange service	100% of ordinary shares	Australia	Gadens, Level 40, Gateway, 1 Macquarie Place, Sydney, NSW, Australia 2000
TransferWise Europe S.A.	Online currency exchange service	100% of ordinary shares	Belgium	Avenue Marnix 13-17, 1000 Brussels
PT TransferWise International Indonesia	Inactive	100% of ordinary shares	Indonesia	Jl. Mimosa Blok D 2 No. 22, RT 015 / RW 008, Kel. Sunter Jaya, Kec. Tanjung Priok, Jakarta Utara
TransferWise SpA	Inactive	100% of ordinary shares	Chile	Los Militares 5001, oficina 1101, Las Condes

Name	Nature of business	Effective holding	Country	Registered address
TINV Ltd.	Inactive	100% of ordinary shares	UK	6th Floor, Tea Building, 56 Shoreditch High Street, London, England, E1 6JJ
TransferWise Mexico, S.A. de C.V.	Inactive	100% of ordinary shares	Mexico	Montecito 38, piso 37 oficina 30, Colonia Narvarte, WTC Mexico, Ciudad de México, C.P. 03810
TransferWise Brasil Corretora de Câmbio Ltda	Inactive	100% of ordinary shares	Brazil	Avenida Paulista 2537, ANDAR 10 CONJ 102, Bela Vista, Sao Paolo
TransferWise Nuqud LTD	Online currency exchange service	100% of ordinary shares	United Arab Emirates	Unit 3525, L35 Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, UAE
TransferWise Hong Kong Limited	Online currency exchange service	100% of ordinary shares	Hong Kong	46/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
TransferWise Switzerland AG	Inactive	100% of ordinary shares	Switzerland	Oberneuhofstrasse 6, 6340 Baar, Switzerland
TransferWise Borderless Limited	Inactive	100% of ordinary shares	Israel	7 Ribal Tel Aviv - Jaffa 6777840 Israel
TransferWise India Private Limited	Inactive	100% of ordinary shares	India	506, Midas Chambers Co-op. Premises Soc. Ltd. Off, Link Road, Near Fun Republic Multiplex, Andheri (W), Mumbai - 400053, Maharashtra, INDIA

All amounts are in £ million unless otherwise stated

Note 10. Investments in subsidiaries (cont.)

Company	Year ended 31 March 2020	2019
Share in group undertakings:		
Beginning of year	9.7	5.0
Additions in year	2.4	4.7
End of year	**12.1**	**9.7**

During the period, the Company increased share capital of TINV Ltd. by £0.2 million, TransferWise Nuqud LTD by £0.3 million and PT TransferWise International Indonesia by £0.1 million and added a capital contribution by issuing share options to all subsidiaries by £1.8 million (2019: the Company increased share capital of TransferWise Europe by £4.4 million and added a capital contribution by issuing share options to TransferWise Inc by £0.3 million).

Note 11. Trade and other receivables

	Group		Company	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Long-term receivables				
Lease deposits	1.9	1.6	1.2	1.2
Other receivables	4.1	0.2	4.1	0.2
Total long-term receivables	**6.0**	**1.8**	**5.3**	**1.4**
Short-term receivables				
Receivables from payment processors	52.1	88.0	29.1	65.6
Collateral deposits	42.9	14.7	23.5	10.7
Prepayments	8.5	5.3	7.8	4.5
Receivables from Group companies	-	-	66.6	33.2
Other receivables	1.2	0.1	0.6	-
Total short-term receivables	**104.7**	**108.1**	**127.6**	**114.0**

Note 12. Financial assets at fair value through other comprehensive income

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

	Group		Company	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Current assets				
Listed bonds	114.1	109.7	114.1	109.7
Total financial assets at fair value through other comprehensive income	**114.1**	**109.7**	**114.1**	**109.7**

During the year, the following gains were recognised in profit or loss and other comprehensive income:

Group	Year ended 31 March 2020	2019
Debt investments at FVOCI		
Fair value gains recognised in other comprehensive income	1.1	1.2
Total fair value gains recognised in other comprehensive income	**1.1**	**1.2**

All amounts are in £ million unless otherwise stated

Note 13. Cash and cash equivalents

	Group		Company	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Cash and cash equivalents				
Cash on hand and in banks	1,933.2	794.8	1,607.8	615.1
Cash in transit between Group bank accounts	20.5	26.2	31.1	22.4
Cash in transit to customers *	66.8	35.1	17.9	18.2
Money market fund	57.1	-	-	-
Total cash and cash equivalents	**2,077.6**	**856.1**	**1,656.8**	**655.7**

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

At 31 March 2020 the Group was holding £1,433.9 million (2019: £688.4 million) worth of cash on safeguarding accounts protected from the Group insolvency, as a collateral to secure customer deposits.

Note 14. Trade and other payables

	Group		Company	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Non-current trade and other payables				
Accrued expenses	5.8	0.8	5.5	0.7
Total non-current trade and other payables	**5.8**	**0.8**	**5.5**	**0.7**
Trade and other payables				
Outstanding money transmission liabilities	118.0	122.4	75.5	79.0
Borderless accounts	1,967.3	829.5	1,595.2	677.1
Accounts payable and accruals	16.5	9.7	13.3	7.8
Deferred revenue	1.0	0.9	0.6	0.6
Payables to Group companies	-	-	42.4	19.9
Other payables	5.6	4.9	4.4	4.4
Total trade and other payables	**2,108.4**	**967.4**	**1,731.4**	**788.8**

Note 15. Borrowings

	Group		Company	
	As at 31 March		As at 31 March	
	2020	2019	2020	2019
Borrowings				
Current:				
Revolving credit facility	0.2	-	0.2	-
Lease liabilities	4.0	-	3.2	-
Non-current				
Revolving credit facility	49.0	13.9	49.0	13.9
Lease liabilities	10.6	-	6.9	-
Total borrowings	**63.8**	**13.9**	**59.3**	**13.9**

The unused amount of the revolving credit facility as of 31 March 2020 was £25.0 million.

Debt movement reconciliation:

Group and Company	Borrowings due within 1 year	Borrowings due after 1 year	Total
As at 31 March 2019	**-**	**13.9**	**13.9**
Cash flows	0.2	35.1	35.3
Reclassification of operational leases on IFRS 16 adoption	4.0	10.6	14.6
As at 31 March 2020	**4.2**	**59.6**	**63.8**

The debt facility as at 31 March 2020 is denominated in Pounds Sterling with maturity date in August 2021. During 2020 year the interest rate of loan was between 3.4% and 3.8% (2019: 3.6-4.0%).

The debt facility agreement concluded by the Group set certain covenants on the Group's consolidated financial indicators. The Group has complied with these covenants throughout the reporting period.

All amounts are in £ million unless otherwise stated

Note 16. Cash generated from operating activities

		Group		Company	
		Year ended 31 March		Year ended 31 March	
	Note	2020	2019	2020	2019
Cash flows from operating activities					
Operating profit/(loss)		21.8	12.0	19.0	3.7
Adjustments for non-cash income and expenses:					
Depreciation and amortisation	5, 8, 9	20.6	6.3	18.9	5.9
Loss of disposals of assets	8	0.1	0.1	0.1	0.1
Net gain on financial investments	12	(2.3)	(0.8)	(1.6)	(0.8)
Net impact of foreign exchange differences		(2.5)	(0.6)	(0.4)	(0.1)
Share option expense (non-cash)	18	24.4	7.0	22.6	6.7
Changes in operating assets and liabilities					
Change in trade and other receivables	11	(33.4)	(8.4)	(38.5)	(20.9)
Change in trade and other payables	14	12.2	4.1	32.6	18.0
Cash flow from operating activities (excluding change on customer accounts)		**40.9**	**19.7**	**52.7**	**12.6**
Cash generated from change in customer related balances					
Change in receivables from payment processors	11	35.5	(46.3)	35.8	(32.0)
Change in money transmission liability	14	(5.4)	27.1	(3.6)	11.1
Change in Borderless liability	14	1,139.1	683.0	918.1	549.5
Net impact of foreign exchange differences from customer cash accounts		(22.3)	3.5	(21.2)	3.6
Net cash inflow from customer related balances		**1,146.9**	**667.3**	**929.1**	**532.2**
Cash flow from operating activities total		**1,187.8**	**687.0**	**981.8**	**544.8**

Note 17. Share capital and share premium

	As at 31 March					
	2020			2019		
Class	Nominal value, £	Number of shares	Share capital, £	Nominal value, £	Number of shares	Share capital, £
Ordinary	0.00001	16,125,594	161	0.00001	15,472,207	155
Seed preferred	0.00001	5,014,000	50	0.00001	5,014,000	50
Series A preferred	0.00001	6,785,000	68	0.00001	6,785,000	68
Series B preferred	0.00001	2,828,975	28	0.00001	2,828,975	28
Series C preferred	0.00001	2,501,286	25	0.00001	2,501,286	25
Series D preferred	0.00001	871,648	9	0.00001	871,648	9
Series E preferred	0.00001	1,535,057	15	0.00001	1,535,057	15
Total		**35,661,560**	**356**		**35,008,173**	**350**

All issued shares are fully paid and have equal rights to vote at general meetings and receive dividends. Each share is entitled to participate in a distribution where preferred share ranks in priority of any other classes of shares.

During the current financial year share options were exercised; a total of 653,387 ordinary shares were issued for a total of £0.3 million.

All amounts are in £ million unless otherwise stated

Note 18. Share-based employee compensation

The employee share option plan is designed to provide long-term incentives for all employees to deliver long-term shareholder returns. Under the plan, participants are granted share options of the Parent Company, which vest gradually over a 4-year period. Once vested, the options can be exercised only upon Exercise Trigger, such as Initial Public Offering, secondary market sale or sale of the Parent Company.

Options are granted under the plan for no consideration and carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

Set out below are summaries of options granted under the plan:

Group	Year ended 31 March 2020		Year ended 31 March 2019	
	Average exercise price per share option, £	Number of options	Average exercise price per share option, £	Number of options
Beginning of year	**£1.75**	**3,787,173**	**£1.43**	**3,145,835**
Granted during the year	£7.77	1,222,870	£2.80	980,869
Exercised during the year	£0.39	653,387	£0.06	161,282
Forfeited during the year	£4.79	253,343	£3.45	178,249
End of year	**£3.57**	**4,103,313**	**£1.75**	**3,787,173**
Vested and exercisable as of end of year	**£2.27**	**2,375,539**	**£1.25**	**2,455,642**

The assessed fair value at grant date of options granted during the year ended 31 March 2020 was £60.76 per option on average. The fair value at grant date is independently determined using the Black Scholes Model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer group companies. The share price at the grant date is assessed by the independent external appraiser.

The model inputs for options granted during the year ended 31 March 2020 included:

- Options are granted for no consideration and vest over the 4-year period according to the vesting conditions;
- Average exercise price: £3.57;
- No dividends are expected to be paid;
- Expected price volatility of the Company's shares: 46.0%
- Risk-free interest rate: 1.58%
- Expected price volatility is based on the comparative information of the peer-group companies.

Risk-free interest rate is based on the UK 5-year government bond yield.

Note 19. Commitments

The Group's minimum lease payments for non-cancellable operating leases that are outside the scope of IFRS 16 as of 31 March 2020 are detailed below:

	Group Year ended 31 March	
	2020	**2019**
Cloud infrastructure subscription		
No later than 1 year	1.1	0.9
Later than 1 year and no later than 5 years	2.9	3.9
Total	**4.0**	**4.8**

The Group does not have other material commitments, capital commitments or contingencies as of 31 March 2020 and 31 March 2019.

All amounts are in £ million unless otherwise stated

Note 20. Transactions with related parties

The directors consider there to be no ultimate controlling party as of 31 March 2020 and 31 March 2019.

During the financial years ending 31 March 2020 and 31 March 2019 there were no material transactions with related parties of the Group.

Company	**Year ended 31 March**	
	2020	**2019**
Sales and purchases of services		
Sales of services to subsidiary undertakings	75.0	12.7
Purchase of services from subsidiary undertakings	49.5	1.0
Outstanding balances arising from sales/ purchases of services		
Current receivables (sales of services)		
Subsidiary undertakings	51.8	31.5
Current payables (purchases of services)		
Subsidiary undertakings	42.4	19.9
Loans to subsidiary undertaking		
Balance at 31 March	14.8	1.7

Transactions with related parties of the Company are detailed below:

Management services provided by the Company and received from subsidiary undertakings were made on normal commercial terms and conditions and at market rates.

The amounts due to subsidiary undertakings are unsecured and are repayable in cash

TransferWise Ltd

Registered number: 07209813

6th Floor Tea Building
56 Shoreditch High Street
London E1 6JJ, UK