TransferWise

Annual report and consolidated financial statements for the year ended 31 March 2019.

Index to the financial statements

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 Bolling Wells (appointed 17th July 2019) Ingo Jeroen Uytdehaage (appointed 17th July 2019)
Independent Auditors:	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

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Strategic report for the year ended 31 March 2019

For people and businesses without borders.

TransferWise is a global technology company with a mission to build 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 business payments, TransferWise is on a mission to make your life easier and save you money.

More than 5 million people and businesses have stopped using banks, Paypal and traditional providers because TransferWise is cheaper, faster and easier to use. Huge companies and banks use TransferWise technology too; an entirely new cross-border payment network that we aim will one day power money without borders for everyone, everywhere.

TransferWise's product suite includes the borderless account – a multi-currency account with a Mastercard debit card, its original money transfer platform, and its API for larger enterprises and bank partnerships.

TransferWise mission and values.

TransferWise was founded in 2011 with one mission - to make sending money between countries as cheap and as easy as email. Kristo and Taavet wanted to stop the global practice of banks and brokers charging extortionate hidden fees, resulting in expensive, slow international payments. TransferWise is made of people who care deeply about our mission, get stuff done, and put customers first. These are our core values:

This isn't just a job, we're a revolution

We're making a positive, important change in the world. We're not just picking up a paycheck.

We get it done

We break through walls to make amazing things happen. We take ownership of what we do. We take care of ourselves and each other.

Customers > team > ego

We're working to create a better world for our customers – that's the whole point. Customer voices should always be the loudest. We listen to and serve them as a team.

No drama. Good karma.

We start by assuming everyone has good intentions. We respect others' worldviews and challenge arguments, not individuals. We're open and honest – no hidden agendas here.

Our biggest year so far.

April 2018

We launched the borderless debit card in Europe, giving people the ability to spend from their borderless account all over the world.

June 2018

France's second largest bank, BPCE, became the first traditional bank to join TransferWise's mission, partnering to offer our money transfer service to their 15m customers.

Fintech **Monzo** was hot on their heels as our first UK bank partner, adding our money transfer service to their app in a record two weeks. Since launch we've seen 200% month-on-month volume growth amongst their two million customers.

November 2018

We brought the borderless debit card to our European business customers, allowing them to spend like locals in 45 currencies. At the same time we launched a much wished for integration with accountancy software company **Xero**.

TransferWise for business launched in Australia, with a mission to eradicate some of the AUD $14.7bn Australians spent on foreign transaction fees between 2012 and 2016.

Dutch neobank **bunq** signed up to bring TransferWise to their customers in the Netherlands, offering our money transfer service through their banking app.

December 2018

The borderless account reached New Zealand, with the product up to **8 times cheaper** than the local banks.

January 2019

With the possibility of a no deal Brexit on the horizon, TransferWise announced plans for a new Payment Institutions Licence and office in Belgium, allowing us to continue operating as normal in Europe.

May 2019

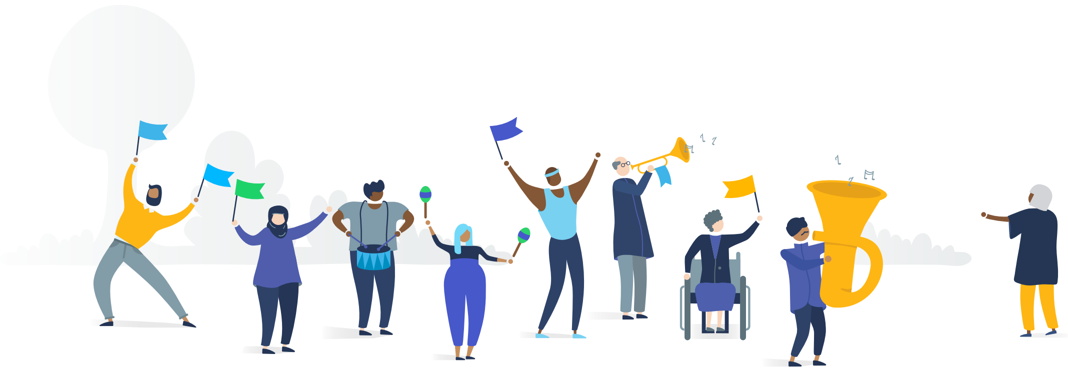
We announced secondary funding of $292m, taking us to a new valuation of **$3.5bn**, alongside our **five millionth** customer!

June 2019

Hello USA! The borderless debit card reached America.

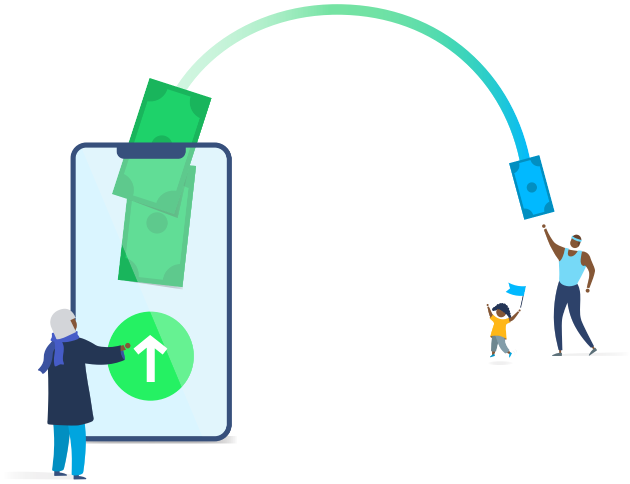
TransferWise today.

Offers 1,600+ currency routes across 49 currencies



1,700 people work at TransferWise, 70+ nationalities, and in 12 global offices

TransferWise has 5 million customers, with 10,000 businesses signing up every month



TransferWise processes over £4 billion in transactions every month

15 million transactions on borderless debit cards to date

TransferWise customers save themselves £1 billion a year, that's £3 million a day compared to using a bank for the same transaction

Mission progress.

Price

We've lowered our average price globally, from 0.73% of the transfer amount in 2017, to 0.67% of the transfer amount today.

Speed

Almost 20% of transfers are now instant, meaning they're delivered in **20 seconds or less**.

Convenience

We took the borderless debit card to Europe and the USA, alongside launching a card for businesses.

Transparency

For the first time, regulators have made significant commitments towards transparency in foreign currency payments. The EU's Cross-Border Payments Regulations state that the consumer must know the full costs and charges of international transactions upfront - sounds simple, but no Government has ever made this law before. **A huge win!**

Founder review.

2019 has been another monumental year for TransferWise, and our mission to build the best way to move money around the world. We're lowering the cost of money transfers to near zero, and eradicating the large, hidden margins of the incumbent players.

It's a huge problem to solve. Every year, it's estimated that people and small-to-medium businesses transfer **$10 trillion** internationally. But traditional bank networks are local, making international transfers expensive, slow and inconvenient. The status quo is enabled by a chronic lack of transparency in the industry, which means people are unaware of the hidden charges and exchange rate mark-ups levied by traditional providers.

The cost of transfers to both individuals and businesses is shockingly expensive. As of March 2019, the World Bank put the global average total cost of remittance at 6.94% of the transfer value. While that cost has decreased from 10% in 2009, **it's still unnecessarily high**.

TransferWise's pricing is always transparent, with the full cost of the transaction shown upfront. On average it costs 0.67% of the transfer value to move money with TransferWise; that's up to 10x cheaper than alternatives in the UK. For some established currency routes, it's as little as 0.4%.

The business model of traditional providers like banks, money transfer operators, and travel money firms results in overcharging and under-serving of the customer. Typically, currency conversion is advertised as 'free', '0% commission', or at one low upfront fee, whilst a far greater charge is hidden in an exchange rate mark-up. Research commissioned by HM Treasury from the UK's Behavioural Intelligence Unit, shows that most people struggle to find the cheapest option when transactions are priced in this way, so they end up being overcharged. The problem affects everyone, from businesses paying suppliers overseas through to holidaymakers and people sending money to family abroad.

2018 has brought some indications that the market is moving towards a fairer approach. In the latter half of the year, a landmark ruling came through the EU's Cross-Border Payments Regulations, stating that the consumer must know the full costs and charges of international transactions upfront. This is the first time that a regulator has mandated transparency on behalf of the consumer, and provides a positive indication that the industry could be moving towards TransferWise's transparent model.

General business review and KPIs

We've continued to improve the TransferWise product in existing markets and to expand into new territories around the world. There were four key areas of growth – take-up of the borderless account and debit card, expansion of existing products into new markets, improvement of TransferWise for business, and a host of partnerships with banks utilising our API to move money cross borders.

The borderless account launched in 2017, allowing customers to hold their money in more than 45 different currencies and giving them real bank details in countries including the UK, Europe and the US. The accompanying borderless Mastercard debit card launched in Europe in 2018, and in the USA in June 2019, with cardholders making more than **15 million transactions** to date.

The 2019 financial year saw major enhancements to TransferWise's business product, including the launch of a borderless Mastercard debit card for businesses, an integration with SME accountancy software Xero, and open access to the TransferWise API (Application Programming Interface). The launch of the open API makes it cheaper for enterprises needing to process large batches of cross-border transactions. Since these enhancements were announced, 10,000 new business customers have signed up to the service **every month**.

It was also a year of significant progress in bank partnerships. Banks are able to use TransferWise's API to send customer payments via TransferWise's network. The benefit is faster, cheaper, more convenient payments for the bank's customers, and the opportunity to become a market leader in their sector. The last financial year saw partnerships announced with France's second largest bank BPCE, which has over 15 million customers, UK challenger Monzo, which has over two million customers, and Dutch neo-bank bunq.

TransferWise now has more than 5 million customers processing **£4 billion every month**, up from 3 million transferring £2 billion monthly in July 2018. In the month of March 2019, around 1.4 million money transfer transactions were made with the product (March 2018: over 0.8 million). The year shows a turnover of £179.1 million (2018: £117.3 million) with a profit before tax of £10.1 million (2018: £7.8 million).

The 2019 financial year is the third in which TransferWise has posted a pre-tax profit, testament to continued prudent investments in growth, marketing and staff. The Group has scaled its operation in a highly sustainable manner – but not at the expense of growth, transaction, or revenue trends.

The financial year has been a big step forward for TransferWise, but it's early morning for our mission. **99% of the world is still moving money with expensive, intransparent providers, and for the £1 billion we save customers every year, hundreds more billions are wasted in hidden fees**. We look forward to seeing what leaps we make in the next year, as we gather global momentum to reduce those numbers.

On behalf of the Board of directors:

Kristo Käärmann, Director

August 2019

1. McKinsey, Global Payments 2018

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Directors' report for the year ended 31 March 2019

Directors’ Report for the year ended 31 March 2019

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

The strategic report includes an analysis of the Group’s general business review, key performance indicators and future developments.

Principal activity

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

Branches and subsidiaries outside the UK

Information on TransferWise Ltd branches and subsidiaries is disclosed in note 10 to the financial statements.

Dividends

The Group hasn’t declared or paid out any dividends for the years ending 31 March 2019 and 2018.

Going concern

The directors believe that the Group has adequate resources to keep operating and meeting liabilities for the twelve months from the date of approval of the financial statements. So they continue to adopt the going concern basis in preparing the financial statements. Further information supporting the going concern basis may be found in note 2 to the financial statements.

Research and development

During the year the Group capitalised £11.3 million (2018: £8.7 million) of software development costs.

Employees

As of March 2019, the number of employees in the Group was almost 1,500 in offices located around the world. The number of employees will 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.

There is a very open communication culture at TransferWise. The Group holds regular all-team meetings and takes full advantage of both email and instant messaging. The Group has a firm policy of non-discrimination on grounds of gender, race, disability or other irrelevant factors.

The Group is committed to the health, safety and welfare of its employees at work. The Group has continued its policy on the employment of disabled persons. Full and fair consideration is given to job applications made by disabled persons. Appropriate career training is arranged for disabled persons.

Risk management

In the course of its business, the Group faces a variety of risks, which is managed alongside the Audit and Risk committee. The Group’s enterprise risk management framework ensures we focus risk management that supports our strategy. Our principal risks are; regulatory compliance risk, liquidity and funding risk, credit risk, non-financial risks (e.g. IT security) and market risk. The Group’s enterprise risk management policy seeks to minimise adverse effects on the Group’s financial performance.

Regulatory compliance risk

Risk of failing to meet with the relevant legislation and/or regulations. TransferWise has numerous regulatory obligations from multiple government agencies. Those obligations are designed to ensure the Group has robust systematic and programmatic means to prevent its products from being used as vehicles for money laundering or terrorist financing and safeguards customers monies. TransferWise strives to consistently meet all required regulations and minimise the risk of financial crimes occurring across all products. The company has zero appetite for any loss of licence or public issuances from the regulators that inhibit our ability to serve our customers. Additionally, TransferWise ensures that its practices in combating financial crimes extends beyond satisfying regulatory obligations and centres on protecting our customers and the Group from the harmful effects of money laundering and terrorist financing.

Liquidity and funding risk

Liquidity and funding risk is the risk that the Group won't be able to meet its financial obligations when they're due.

The Group's policy for managing liquidity is to only pay-out funds to customers once the customer has sent the payment and to ensure that there are sufficient capital resources to meet its operational liabilities (salaries, supplier invoices) when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's position.

As such, the Group sets a policy, reviewed with the Board to maintain sufficient cash reserves and debt facilities to support this activity in the context of the Group's 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.

Market risk

The Group operates internationally and is exposed to foreign exchange and interest rate risk from various currency exposures, mainly regarding Sterling, US dollar and Euros. Foreign exchange risk comes from future commercial transactions, recognised assets and liabilities. The Group manages foreign exchange risk by efficiently managing assets and liabilities in and avoiding significant exposure in a particular currency. Interest rate risk comes from the risk of adverse interest rate moves, predominantly on our debt facility, that impact our economics. The Group manages the interest rate risk by ensuring the debt facilities are constantly monitored to ensure there is no undue exposure to high interest environments.

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 Bolling Wells (appointed 17th July 2019)

Ingo Jeroen Uytdehaage (appointed 17th July 2019)

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Statement of directors' responsibilities

Statement of directors' responsibilities

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 financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union 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: 30 August 2019

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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 Parent company financial statements (the "financial statements"):

give a true and fair view of the state of the Group's and of the Parent company's affairs as at 31 March 2019 and of the Group's profit and the Group's and the Parent 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 Parent 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 2019; the Consolidated statement of comprehensive income for the year ended 31 March 2019; the Consolidated and Company statements of cash flows for the year ended 31 March 2019; the Consolidated and Company statements of changes in equity for the year ended 31 March 2019; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical

Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Parent company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.

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 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent 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 set out on pages 18 and 19, 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 Parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent company or to cease operations, or have no realistic alternative but to do so.

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 Parent 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 Parent 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 Parent 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

6 September 2019

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Consolidated statement of comprehensive income for the year ended 31 March 2019

All amounts are in £ million unless otherwise stated

Consolidated statement of comprehensive income for the year ended 31 March 2019

Group	Note	Year ended 31 March 2019	2018
Revenue	4	179.1	117.3
Cost of sales	5	(69.7)	(39.8)
Gross profit		**109.4**	**77.5**
Administrative expenses	5	(97.4)	(68.0)
Operating profit		**12.0**	**9.5**
Finance income		0.2	-
Interest expenses	15	(2.1)	(1.7)
Profit before tax		**10.1**	**7.8**
Income tax credit/(expense)	7	0.2	(1.6)
Net profit for the year		**10.3**	**6.2**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Fair value gain on investments		1.2	-
Currency translation differences		0.4	(0.3)
Total other comprehensive income/(expense)		**1.6**	**(0.3)**
Total comprehensive income for the year		**11.9**	**5.9**

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

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Consolidated statement of financial position as at 31 March 2019

All amounts are in £ million unless otherwise stated

Consolidated statement of financial position as at 31 March 2019

Group	Note	As at 31 March 2019	As at 31 March 2018
Non-current assets			
Property, plant and equipment	8	4.5	3.5
Intangible assets	9	20.4	14.0
Long term receivables	11	1.8	1.5
Deferred tax asset	7	8.2	5.6
Total non-current assets		**34.9**	**24.6**
Current assets			
Trade and other receivables	11	108.1	52.6
Short-term financial investments	12	109.7	-
Cash and cash equivalents	13	856.1	301.2
Total current assets		**1,073.9**	**353.8**
Total assets		**1,108.8**	**378.4**

The notes on pages 41 to 75 are an integral part of these consolidated financial statements.

All amounts are in £ million unless otherwise stated

Consolidated statement of financial position as at 31 March 2019 (continued)

Group	Note	As at 31 March 2019	2018
Non-current liabilities			
Deferred tax liabilities	7	0.3	-
Non-current borrowings	15	13.9	-
Non-current trade and other payables	14	0.8	0.7
Total non-current liabilities		**15.0**	**0.7**
Current liabilities			
Borrowings	15	-	20.2
Trade and other payables	14	967.4	250.1
Total current liabilities		**967.4**	**270.3**
Total liabilities		**982.4**	**271.0**
Equity			
Share capital and share premium	17	120.8	120.6
Share-based payment reserves	19	11.8	4.9
Other reserves	12	1.2	-
Accumulated losses		(8.2)	(18.5)
Currency translation differences		0.8	0.4
Total equity		**126.4**	**107.4**
Total liabilities and equity		**1,108.8**	**378.4**

The financial statements on pages 25 to 75 were authorised for issue by the board of directors on 30 August 2019 and were signed on its behalf:

Kristo Käärmann, Director

The notes on pages 41 to 75 are an integral part of these consolidated financial statements.

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Company statement of financial position as at 31 March 2019

All amounts are in £ million unless otherwise stated

Company statement of financial position as at 31 March 2019

Company	Note	As at 31 March 2019	2018
Non-current assets			
Property, plant and equipment	8	3.2	2.2
Intangible assets	9	20.4	14.0
Long term receivables	11	1.4	1.1
Investments in subsidiaries	10	9.7	5.0
Deferred tax asset	7	8.1	5.6
Total non-current assets		**42.8**	**27.9**
Current assets			
Trade and other receivables	11	114.0	63.7
Short-term financial investments	12	109.7	-
Cash and cash equivalents	13	655.7	246.0
Total current assets		**879.4**	**309.7**
Total assets		**922.2**	**337.6**

The notes on pages 41 to 75 are an integral part of these consolidated financial statements.

All amounts are in £ million unless otherwise stated

Company statement of financial position as at 31 March 2019 (continued)

		As at 31 March	
Company	**Note**	**2019**	**2018**
Non-current liabilities			
Deferred tax liability	7	-	-
Non-current borrowings	15	13.9	-
Non-current trade and other payables	14	0.7	0.5
Total non-current liabilities		**14.6**	**0.5**
Current liabilities			
Borrowings	15	-	20.2
Trade and other payables	14	788.8	210.3
Total current liabilities		**788.8**	**230.5**
Total liabilities		**803.4**	**231.0**
Equity			
Share capital and share premium	17	120.8	120.6
Share-based payment reserves	19	11.8	4.9
Other reserves	12	1.2	-
Accumulated losses		(15.1)	(19.4)
Currency translation differences		0.1	0.5
Total equity		**118.8**	**106.6**
Total liabilities and equity		**922.2**	**337.6**

The Parent Company (hereinafter the "Company") has elected to take the exemption under section 408 of the Companies Act not to present the Parent Company income statement. The profit after tax of the Parent Company for the year ending 31 March 2019 was £4.3 million (31 March 2018: £5.2 million).

The financial statements on pages 25 to 75 were authorised for issue by the board of directors on 30 August 2019 and were signed on its behalf:

Kristo Käärmann, Director

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Consolidated statement of changes in equity for the year ended 31 March 2019

All amounts are in £ million unless otherwise stated

Consolidated statement of changes in equity for the year ended 31 March 2019

Group	Share capital and share premium	Share-based payment reserves	Other reserves	Accumulated losses	Currency translation differences	Total equity	Note
At 1 April 2017	**70.6**	**2.1**	**-**	**(24.7)**	**0.7**	**48.7**	
Profit for the year	-	-	-	6.2	-	6.2	
Share based employee compensation expense	-	3.0	-	-	-	3.0	19
Foreign currency translation differences	-	-	-	-	(0.3)	(0.3)	
Issue of share capital	50.0	(0.2)	-	-	-	49.8	17
At 31 March 2018	**120.6**	**4.9**	**-**	**(18.5)**	**0.4**	**107.4**	
Profit for the year	-	-	-	10.3	-	10.3	
Share based employee compensation expense	-	7.0	-	-	-	7.0	19
Fair value gain on investments	-	-	1.2	-	-	1.2	12
Foreign currency translation differences	-	-	-	-	0.4	0.4	
Issue of share capital	0.2	(0.1)	-	-	-	0.1	17
At 31 March 2019	**120.8**	**11.8**	**1.2**	**(8.2)**	**0.8**	**126.4**	

The notes on pages 41 to 75 are an integral part of these consolidated financial statements.

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Company statement of changes in equity for the year ended 31 March 2019

All amounts are in £ million unless otherwise stated

Company statement of changes in equity for the year ended 31 March 2019

Company	Share capital and share premium	Share-based payment reserves	Other reserves	Accumulated losses	Currency translation differences	Total equity	Note
At 1 April 2017	**70.6**	**2.1**	**-**	**(24.6)**	**0.5**	**48.6**	
Profit for the year	-	-	-	5.2	-	5.2	
Share based employee compensation expense	-	3.0	-	-	-	3.0	19
Foreign currency translation differences	-	-	-	-	-	-	
Issue of share capital	50.0	(0.2)	-	-	-	49.8	17
At 31 March 2018	**120.6**	**4.9**	**-**	**(19.4)**	**0.5**	**106.6**	
Profit for the year	-	-	-	4.3	-	4.3	
Share based employee compensation expense	-	7.0	-	-	-	7.0	19
Fair value gain on investments	-	-	1.2	-	-	1.2	12
Foreign currency translation differences	-	-	-	-	(0.4)	(0.4)	
Issue of share capital	0.2	(0.1)	-	-	-	0.1	17
At 31 March 2019	**120.8**	**11.8**	**1.2**	**(15.1)**	**0.1**	**118.8**	

The notes on pages 41 to 75 are an integral part of these consolidated financial statements.

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Consolidated statement of cash flows for the year ended 31 March 2019

All amounts are in £ million unless otherwise stated

Consolidated statement of cash flows for the year ended 31 March 2019

Group	**Note**	**Year ended 31 March**	
		2019	**2018**
Cash flows from operating activities			
Cash generated from operating activities	16	687.0	192.5
Interest paid	15	(1.8)	(1.7)
Income tax paid	7	(2.5)	(0.1)
Net cash generated from operating activities		**682.7**	**190.7**
Cash flows from investing activities			
Purchases of property, plant and equipment	8	(2.3)	(2.3)
Payments for intangible assets development costs	9	(11.3)	(8.7)
Payments for investment in financial assets	12	(117.5)	-
Proceeds from investment in financial assets	12	8.1	-
Interest received		1.1	-
Net cash used in investing activities		**(121.9)**	**(11.0)**
Cash flows from financing activities			
Proceeds from issue of shares	17	-	49.8
Change in overdraft balance	15	(20.2)	9.2
Proceeds from the borrowings	15	13.6	-
Net cash (used in) / generated from financing activities		**(6.6)**	**59.0**
Net increase in cash and cash equivalents		**554.2**	**238.7**
Cash and cash equivalents at beginning of year	**13**	**301.2**	**71.4**
Exchange gains / (losses) on cash and cash equivalents		0.7	(8.9)
Cash and cash equivalents at end of year	**13**	**856.1**	**301.2**

The notes on pages 41 to 75 are an integral part of these consolidated financial statements.

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Company statement of cash flows for the year ended 31 March 2019

All amounts are in £ million unless otherwise stated

Company statement of cash flows for the year ended 31 March 2019

Company	**Note**	**Year ended 31 March 2019**	**2018**
Cash flows from operating activities			
Cash generated from operating activities	16	544.8	152.5
Interest paid	15	(1.8)	(1.7)
Income tax paid	7	(0.1)	-
Net cash generated from operating activities		**542.9**	**150.8**
Cash flows from investing activities			
Purchases of property, plant and equipment	8	(2.0)	(0.7)
Payments for intangible assets development costs	9	(11.3)	(8.7)
Payments for investment in financial assets	12	(117.5)	-
Proceeds from investment in financial assets	12	8.1	-
Investments in subsidiaries	10	(4.4)	(1.6)
Loans granted to subsidiaries		(0.3)	(5.7)
Loans repaid by subsidiaries		3.1	-
Interest received		1.4	-
Net cash used in investing activities		**(122.9)**	**(16.7)**
Cash flows from financing activities			
Proceeds from issue of shares	17	-	49.8
Change in overdraft balance	15	(20.2)	9.2
Proceeds from the borrowings	15	13.6	-
Net cash (used in) / generated from financing activities		**(6.6)**	**59.0**
Net increase in cash and cash equivalents		**413.4**	**193.1**
Cash and cash equivalents at beginning of year	**13**	**246.0**	**58.1**
Exchange gains / (losses) on cash and cash equivalents		(3.7)	(5.2)
Cash and cash equivalents at end of year	**13**	**655.7**	**246.0**

The notes on pages 41 to 75 are an integral part of these consolidated financial statements.

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Notes to the consolidated financial statements

Notes to the consolidated financial statements

(1) Summary of significant accounting policies

(a) Basis of preparation and accounting policies

The consolidated financial statements and Company 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. The financial statements are prepared on a going concern basis.

The Parent 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.

(b) Changes in accounting policy and disclosures

New and amended standards adopted by the Group

IFRS 15 had no financial impact upon adoption on April 1, 2018. For the impact assessment TransferWise has considered its current product offering and did not identify performance obligations other than the obligations as already used to recognize money transmission revenue. Given the nature of TransferWise's business model the revised notion of control and resulting revenue recognition date does not impact the recognition policy applied by TransferWise. The change from risk and rewards to control does not affect the agent principal assessment. TransferWise is still considered as the principal in the revenue streams resulting in revenue being recognized on a gross basis.

IFRS 9, 'Financial instruments' had no material financial impact upon adoption on April 1, 2018. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and modified in October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

Applicable new standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2018 and not early adopted

IFRS 16, '*Leases*' requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The standard introduces a single lessee accounting model, requiring a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The lessee is required to recognise a right-to-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The standard is effective for annual periods on or after 1 January 2019 and earlier application is permitted if IFRS 15 'Revenue from Contracts with Customers', is also applied. The Group has assessed the impact of IFRS 16 and will adopt the standard for the financial year beginning 1 April 2019 applying modified retrospective approach. Based on the current operational lease portfolio in scope of the standard the TransferWise estimates £20.7 million to be recognized as right-of-use Asset with related liability. Incremental borrowing rate used for calculation is based on the effective interest rate of the debt facility available to the Group.

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatment* The Interpretation 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 Interpretation specifically addresses the following:

• Whether an entity considers uncertain tax treatments separately

• The assumptions an entity makes about the examination of tax treatments by taxation authorities

• How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

• How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

Amendments to IFRS 9: *Prepayment Features with Negative Compensation* Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the consolidated financial statements of the Group.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and its subsidiaries. All intra-Group transactions and balances are eliminated.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment (see note 10 for further details)

(d) 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 for each statement of profit or loss and statement of comprehensive income are translated at average monthly exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), 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 a foreign operation is sold or 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.

(e) 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.

(f) 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,
- financial assets at fair value through other comprehensive income (FVOCI),
- financial assets at amortised cost (loans and receivables under IAS39).

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 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. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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 financial 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 using the original effective interest

(g) 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. 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 short-lived equipment in the Group.

Computer hardware owned and operated by the Group is recorded into property, plant and equipment above a threshold, otherwise hardware is expensed in the profit and loss when purchased.

(h) 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 five years.

(i) 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.

(j) Revenue recognition

The Group primarily generates revenue from money transfer services.

We've recognised transfer fee and other operating income for the year 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.

Interest income from the short-term financial investments is recognised as revenues under effective interest rate method.

(k) 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 employee benefits expense and outsourced services, 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.

(l) Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

(m) 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.

(n) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick 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.

(2) Critical accounting estimates, judgements and errors

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.

(a) 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 19. A change in these assumptions may affect charges to the income statement over the vesting period of the award.

(b) 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.

(c) Compliance with debt covenants

Under the terms of the debt facility, the Group is required to comply with the following financial covenants:

- net worth should be above the drawn facility;
- liquidity ratio should exceed 0.6/1;
- EBITDA multiplied by 3 should be above the drawn facility.

The Group has complied with these covenants throughout the reporting period.

(3) Financial risk and capital management

This note 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 a variety of financial risks: including, but not limited to, liquidity, credit, operational and exchange rate risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

(a) Liquidity risk

Liquidity risk is the risk that the Group won't be able to meet its financial obligations as they're due. The Group's approach to managing liquidity 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 conditions, without incurring unacceptable losses or risking damage to the Group's position.

Liquidity risk comes from the dynamic business profile and growth of the business. 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.

Breakdown of trade payables and borrowings into current and non-current is shown in notes 14 and 15.

(b) 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. It comes mainly from the Group's cash and cash equivalents held in banks, receivables from payment providers, short-term financial investments.

Credit risk is managed on the Group level and comes from cash and cash equivalents and deposits with banks and financial institutions. Since fees are received during the money transfer process, the Group has no material credit exposure to customers. If a bank or financial partner has no independent credit rating, the Group evaluates its credit quality by inspecting 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	
	2019	**2018**
Assets category:		
Cash and cash equivalents	856.1	301.2
Short-term financial investments	109.7	-
Trade and other receivables	108.1	52.6
Assets subject to credit risk total	**1,073.9**	**353.8**

The fair value of cash and cash equivalents at 31 March 2019 and 31 March 2018 approximates the carrying value. Credit risk is mitigated as cash and cash equivalents are held with reputable institutions. Information on customer receivables and related impairment losses is disclosed in the note 11.

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

Group	As at 31 March	
	2019	**2018**
Credit rating (Moody's)		
Cash and cash equivalents		
Aa	539.3	31.6
A	220.1	137.9
Baa, Ba, B	21.6	6.2
Caa	0.8	0.2
No rating *	13.0	77.1
Cash in transit	61.3	48.2
Cash and cash equivalents total	**856.1**	**301.2**
Short-term financial investments		
A	109.7	-
Short-term financial investments total	**109.7**	**-**
Trade and other receivables		
Aa	14.6	-
A	11.1	10.4
Baa, Ba, B	4.7	3.3
No rating *	77.7	38.9
Trade and other receivables total	**108.1**	**52.6**

* *"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 mitigate potential risks. All partners are reputable companies with strong financial performance.

All amounts are in £ million unless otherwise stated

(c) Market risk

Cash flow and fair value interest rate risk

The Group's loan facility (note 15) has variable interest rate based on GBP LIBOR that has historically demonstrated low volatility and cash is mostly held in on-demand deposits, therefore the Group's income and operating cash flows are largely independent of changes in market interest rates.

Foreign exchange risk

The Group operates internationally and 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 Euros. Foreign exchange risk comes from future commercial transactions and recognised assets and liabilities. 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	**2019**	**2018**
EUR	11.9	30.7
JPY	6.4	1.7
CAD	3.9	0.4
AUD	2.8	12.1
THB	1.8	-
DKK	1.2	1.3
CHF	(3.5)	(0.4)
Other financial assets	5.7	11.0
Other financial liabilities	(5.4)	(2.4)
Total FX exposure	**24.8**	**54.4**

All amounts are in £ million unless otherwise stated

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

Group	**As at 31 March**	
Sensitivity to 1% exchange rate change	**2019**	**2018**
EUR	0.12	0.31
JPY	0.06	0.02
CAD	0.04	-
AUD	0.03	0.12
THB	0.02	-
DKK	0.01	0.01
CHF	(0.04)	-
Other financial assets	0.06	0.11
Other financial liabilities	(0.05)	(0.02)

(d) Capital management

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

The Group's objectives when managing capital are 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; and
- maintain an optimal capital structure to reduce the cost of capital.

Since it implemented the current capital management strategy, the Group has relied on equity financing and a revolving credit facility. Thanks to the credit facility available and successful equity funding in the year ended 31 March 2018, the Group has enough liquidity for daily operations.

Information on the credit facility is disclosed in note 15 to the financial statements.

All amounts are in £ million unless otherwise stated

(4) Revenue

Total revenue consists of fees from money transfer services, including the Borderless product. During the financial year TransferWise continues to increase its currency routes, which has further diversified its revenue stream and geographic presence. The European market represented 54% of revenue, the US 25% and the rest of world 21% (previous financial year: the European market 51%, the US 20% and the rest of world 29% of revenue).

(5) Cost of sales and administrative expenses

Breakdown of expenses by nature:

Cost of sales and administrative expenses	**Year ended 31 March**	
Group	**2019**	**2018**
Bank and partner fees	52.1	34.8
Employee benefit expense	58.5	37.7
Outsourced services	37.5	25.9
Foreign exchange loss and other product costs	13.8	8.2
Depreciation and amortisation	6.3	3.9
Other administrative costs	9.2	6.0
Expected credit losses	1.0	-
Capitalisation of intangible assets	(11.3)	(8.7)
Total cost of sales, distribution and administrative expenses	**167.1**	**107.8**

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	**2019**	**2018**
Auditors' remuneration		
Fees payable for the audit of the Parent Company and the Consolidated financial statements	0.2	0.2
Audit of the subsidiaries	0.1	0.1
Tax advisory services	0.1	0.1
Other advisory services	0.2	0.2
Total auditors' remuneration	**0.6**	**0.6**

All amounts are in £ million unless otherwise stated

(6) Employee benefit expense

Group	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages	41.8	28.2
Share based payment compensation expense*	7.0	3.1
Employment taxes and insurance cost	9.7	6.4
Total employee benefit expense	**58.5**	**37.7**

* Refer to the note 19 for details on share options granted to employees

The average number of employees (including directors) during the financial year ended 31 March 2019 was 1267 (2018: 835 employees).

The total remuneration of directors during the financial year (wages, salaries and social security contributions) was £394 thousand (2018: £394 thousand). The salary of the highest paid director was £197 thousand (2018: £197 thousand). There were no share based payment schemes for directors in financial years ended 31 March 2019 and 2018. Refer to note 20 for details of transactions with key management personnel.

(7) Income tax

(a) Income tax expense

Group	Year ended 31 March 2019	Year ended 31 March 2018
Current income tax		
UK corporation tax	0.1	-
Foreign corporation tax	2.0	0.4
Total current tax expense	**2.1**	**0.4**
Deferred income tax		
(Increase)/Decrease in deferred tax assets	(2.6)	1.2
Increase in deferred tax liabilities	0.3	-
Total deferred tax (benefit)/expense	**(2.3)**	**1.2**
Total income tax (benefit)/expense for the year	**(0.2)**	**1.6**

All amounts are in £ million unless otherwise stated

(7) Income tax (continued)

(b) Factors affecting income tax expense for the year

Group	Year ended 31 March	
	2019	2018
Profit on ordinary activities before taxation	10.1	7.8
Profit on ordinary activities multiplied by the UK tax rate of 19% (2018: 19%)	1.9	1.5
Prior year adjustments	(3.0)	0.5
Effect of expenses not deductible	0.8	0.2
Employee option plan	(0.6)	0.1
Difference in overseas tax rates	0.2	0.1
Foreign branch profits	-	(0.7)
Other	0.5	-
Utilisation of previously unprovided tax losses	-	(0.1)
Total income tax (benefit)/expense	**(0.2)**	**1.6**

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2017 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxed at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

(c) Movement in deferred tax balances

Movement in deferred tax asset

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2019	2018	2019	2018
Opening deferred tax asset	**5.6**	**6.8**	**5.6**	**6.8**
Carry forward tax losses in foreign subsidiaries	0.1	-	-	-
Carry forward tax losses in parent company	0.9	-	0.9	-
Other short-term temporary differences	1.6	(1.2)	1.6	(1.2)
Closing deferred tax asset	**8.2**	**5.6**	**8.1**	**5.6**

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	
	2019	2018	2019	2018
Property, plant and equipment (capital allowances)	0.1	-	0.1	-
Carry forward tax losses	5.5	5.2	5.4	5.2
Employee benefits	2.2	0.4	2.0	0.4
Other short-term temporary differences	0.7	0.2	0.6	0.2
Total deferred tax assets	**8.5**	**5.8**	**8.1**	**5.8**
Set-off of deferred tax liabilities pursuant to set-off provisions	(0.3)	(0.2)	-	(0.2)
Net deferred tax assets	**8.2**	**5.6**	**8.1**	**5.6**

Movement in deferred tax liability

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2019	2018	2019	2018
Opening deferred tax liability	**-**	**-**	**-**	**-**
Other short-term temporary differences	0.3	-	-	-
Closing deferred tax liability	**0.3**	**-**	**-**	**-**

The balance comprises temporary differences attributable to:

	Group		Company	
	Year ended 31 March		Year ended 31 March	
	2019	2018	2019	2018
Depreciation	0.3	-	-	-
Unrealized gains/losses	0.3	-	-	-
Property, plant and equipment (capital allowances)	-	0.2	-	0.2
Total deferred tax liabilities	**0.6**	**0.2**	**-**	**0.2**
Set-off of deferred tax asset pursuant to set-off provisions	(0.3)	(0.2)	-	(0.2)
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 2019. There were no unrecognised deferred tax assets as of 31 March 2019 and 31 March 2018.

All amounts are in £ million unless otherwise stated

(8) Property, plant and equipment

Group	Leased office improvements	Office equipment	Assets under construction	Total
At 1 April 2017				
Cost	2.3	1.1	-	3.4
Accumulated depreciation	(0.4)	(0.4)	-	(0.8)
Net book value	**1.9**	**0.7**	**-**	**2.6**
Additions	1.2	0.8	-	2.0
Depreciation charge	(0.6)	(0.5)	-	(1.1)
At 31 March 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	0.0	(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**

No assets of Property, plant and equipment were pledged as of 31 March 2019 and 31 March 2018.

All amounts are in £ million unless otherwise stated

(8) Property, plant and equipment (continued)

Company	Leased office improvements	Office equipment	Assets under construction	Total
At 1 April 2017				
Cost	2.3	1.0	-	3.3
Accumulated depreciation	(0.4)	(0.4)	-	(0.8)
Net book value	**1.9**	**0.6**	**-**	**2.5**
Additions	0.3	0.3	-	0.6
Depreciation charge	(0.5)	(0.4)	-	(0.9)
At 31 March 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**

No assets of Property, plant and equipment were pledged as of 31 March 2019 or 31 March 2018.

All amounts are in £ million unless otherwise stated

(9) Intangible assets

Group and Company	Software	Total
At 1 April 2017		
Cost	10.1	10.1
Accumulated amortisation	(2.0)	(2.0)
Net book value	**8.1**	**8.1**
Additions	**8.7**	**8.7**
Amortisation charge	(2.8)	(2.8)
At 31 March 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**

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

All amounts are in £ million unless otherwise stated

(10) Investments in subsidiaries

The Company held the following investments in subsidiaries as of 31 March 2019:

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	4th Floor, Finolab, 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 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
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 Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur, Malaysia

All amounts are in £ million unless otherwise stated

(10) Investments in subsidiaries (continued)

The Company held the following investments in subsidiaries as of 31 March 2019:

Name	Nature of business	Effective holding	Country	Registered address
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
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.	Inactive	100% of ordinary shares	Belgium	Square de Meeûs 38/40, 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
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	No registered address.

All amounts are in £ million unless otherwise stated

(10) Investments in subsidiaries (continued)

Company	**2019**	**2018**
Share in Group undertakings		
Beginning of year	5.0	1.8
Additions in year	4.7	3.2
End of year	**9.7**	**5.0**

During the period, 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 (see note 19).

(11) Trade and other receivables

	Group		**Company**	
	As at 31 March		**As at 31 March**	
	2019	**2018**	**2019**	**2018**
Long-term receivables:				
Lease deposits	1.6	1.3	1.2	0.9
Other receivables	0.2	0.2	0.2	0.2
Total long-term receivables:	**1.8**	**1.5**	**1.4**	**1.1**
Short-term receivables:				
Receivables from payment processors	88.0	41.2	65.6	33.6
Collateral deposits	14.7	8.4	10.7	5.8
Prepayments	5.3	1.9	4.5	2.0
Receivables from Group companies	-	-	33.2	21.5
Other receivables	0.1	1.1	-	0.8
Total short-term receivables:	**108.1**	**52.6**	**114.0**	**63.7**

Amounts due from Group companies are comprising loan receivables bearing floating interest rate and trade receivables which are unsecured, interest free and are repayable on demand.

All amounts are in £ million unless otherwise stated

During the financial years ended 31 March 2019 and 2018, the Group recognised the following provision for credit losses:

Group	**Year ended 31 March**	
	2019	**2018**
Provision for credit losses	1.0	-
Total provision for credit losses:	**1.0**	**-**

(12) Short-term financial investments

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**	
	2019	**2018**	**2019**	**2018**
Current assets:				
Listed bonds	109.7	-	109.7	-
Total short-term financial investments:	**109.7**	**-**	**109.7**	**-**

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

Group and Company	**Year ended 31 March**	
	2019	**2018**
Debt investments at FVOCI:		
Fair value gains recognised in other comprehensive income	1.2	-

All amounts are in £ million unless otherwise stated

(13) Cash and cash equivalents

	Group		Company	
	As at 31 March		As at 31 March	
	2019	**2018**	**2019**	**2018**
Cash and cash equivalents:				
Cash on hand and in banks	794.8	253.0	615.1	204.3
Cash in transit between Group bank accounts	26.2	18.6	22.4	17.8
Cash in transit to customers *	35.1	29.6	18.2	23.9
Total cash and cash equivalents:	**856.1**	**301.2**	**655.7**	**246.0**

* 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 2019 the Group was holding £688.4 million (at 31 March 2018: £144.6 million) worth of cash on safeguarding accounts protected from the Group insolvency, as a collateral to secure customer deposits.

(14) Trade and other payables

	Group		Company	
	As at 31 March		As at 31 March	
	2019	**2018**	**2019**	**2018**
Non-current trade and other payables:				
Accrued expenses	0.8	0.7	0.7	0.5
Total non-current trade and other payables:	0.8	0.7	0.7	0.5
Trade and other payables:				
Outstanding money transmission liabilities	122.4	93.6	79.0	67.9
Borderless accounts	829.5	147.8	677.1	130.1
Accounts payable and accruals	9.7	6.8	7.8	5.6
Deferred revenue	0.9	0.7	0.6	0.5
Payables to Group companies	-	-	19.9	5.1
Other payables	4.9	1.2	4.4	1.1
Total trade and other payables:	**967.4**	**250.1**	**788.8**	**210.3**

Amounts due to Group companies are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

All amounts are in £ million unless otherwise stated

(15) Borrowings

	Group		Company	
	As at 31 March		As at 31 March	
	2019	**2018**	**2019**	**2018**
Borrowings:				
Current:				
Overdraft facility	-	20.2	-	20.2
Non-current:				
Revolving credit facility	13.9	-	13.9	-
Total borrowings	**13.9**	**20.2**	**13.9**	**20.2**

The unused facility amount as of 31 March 2019 was £50.0 million.

Debt movement reconciliation:

Group and Company	**Borrowings due within 1 year**	**Borrowings due after 1 year**	**Total**
As at 31 March 2018	**20.2**	**-**	**20.2**
Cash flows	(20.2)	13.6	(6.6)
Other changes	-	0.3	0.3
As at 31 March 2019	**-**	**13.9**	**13.9**

All amounts are in £ million unless otherwise stated

(16) Cash generated from operating activities

		Group		Company	
		Year ended 31 March		Year ended 31 March	
	Note	2019	2018	2019	2018
Cash flows from operating activities					
Operating profit		12.0	9.5	3.7	8.0
Adjustments for non-cash income and expenses:					
Depreciation and amortisation	5, 8, 9	6.3	3.9	5.9	3.7
Loss on disposals of assets	8	0.1	-	0.1	-
Net gain on financial investments	12	(0.8)	-	(0.8)	-
Net impact of foreign exchange differences		2.9	5.7	3.5	4.6
Share option expense (non-cash)	19	7.0	3.1	6.7	2.9
Changes in operating assets and liabilities:					
Change in trade and other receivables	11	(8.4)	(4.1)	(20.9)	(14.3)
Change in trade and other payables	14	4.1	4.7	18.0	9.2
Cash flow from operating activities (excluding change on customer accounts)		**23.2**	**22.8**	**16.2**	**14.1**
Cash generated from change in customer related balances:					
Change in receivables from payment processors	11	(46.3)	(11.7)	(32.0)	(7.9)
Change in money transmission liability	14	27.1	32.6	11.1	16.3
Change in Borderless liability	14	683.0	148.8	549.5	130.0
Net cash inflow from customers:		**663.8**	**169.7**	**528.6**	**138.4**
Cash flow from operating activities total		**687.0**	**192.5**	**544.8**	**152.5**

All amounts are in £ million unless otherwise stated

(17) Share capital and share premium

	As at 31 March					
	2019			2018		
Class	**Nominal value, £**	**Number of shares**	**Share capital, £**	**Nominal value, £**	**Number of shares**	**Share capital, £**
Ordinary	0.00001	15,472,207	155	0.00001	15,417,925	154
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	2,825,300	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		**35,008,173**	**350**		**34,950,216**	**349**

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 the following additional shares were issued:

- Share options were exercised; a total of 54,282 ordinary shares were issued for a total of £0.1 million.

(18) Commitments

The Group leases offices under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are:

	Group	
	As at 31 March	
	2019	**2018**
Office leases:		
No later than 1 year	5.2	3.5
Later than 1 year and no later than 5 years	19.8	6.2
Later than 5 years	3.9	0.5
Total	**28.9**	**10.2**

The Group does not have other material commitments, capital commitments or contingencies as of 31 March 2019 and 31 March 2018.

All amounts are in £ million unless otherwise stated

(19) 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 – either Initial Public Offering 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:

	Year ended 31 March 2019		Year ended 31 March 2018	
Group	**Average exercise price per share option, £**	**Number of options**	**Average exercise price per share option, £**	**Number of options**
Beginning of year	**£1.43**	**3,145,835**	**£0.97**	**3,238,193**
Granted during the year	£2.80	980,869	£2.50	698,270
Exercised during the year	£0.06	(161,282)	£0.05	(621,818)
Forfeited during the year	£3.45	(178,249)	£2.55	(168,810)
End of year	**£1.75**	**3,787,173**	**£1.43**	**3,145,835**
Vested and exercisable as of end of year	£1.25	2,455,642	£0.95	2,053,126

The assessed fair value at grant date of options granted during the year ended 31 March 2019 was £15.81 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. Share price at grant date is assessed by the independent external appraiser.

The model inputs for options granted during the year ended 31 March 2019 included:

a. Options are granted for no consideration and vest over the 4-year period according to the vesting conditions;

b. Average exercise price: £1.75;

c. No dividends are expected to be paid;

d. Expected price volatility of the Company's shares: 51.22%

e. Risk-free interest rate: 1.07%

f. 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.

(20) Transactions with related parties

The directors consider there to be no ultimate controlling party as of 31 March 2019 and 31 March 2018.

During the financial years ending 31 March 2019 and 31 March 2018 there were no material transactions with related parties of the Group.

The Parent Company has elected to take the exemption under section 33.1A of the Financial Reporting Council guidance not to present the transactions with wholly owned subsidiaries of the Group.

(21) Financial assets and liabilities

The balances in the tables below relate to financial assets and liabilities only. The figures in the balance sheet also include non-financial assets and so certain figures in the table below don't agree directly with the figures in the balance sheet.

The Group initially recognises all of the financial assets and liabilities it holds at fair value and then at amortised cost.

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.

All amounts are in £ million unless otherwise stated

Financial assets and liabilities by measurement basis:

	Group		Company	
	As at 31 March		As at 31 March	
	2019	**2018**	**2019**	**2018**
Financial assets at amortised cost				
Long term receivables	1.8	1.5	1.4	1.1
Short term trade and other receivables	102.8	50.7	109.5	61.7
Cash and cash equivalents	856.1	301.2	655.7	246.0
Financial assets at amortised cost total	**960.7**	**353.4**	**766.6**	**308.8**
Financial liabilities at amortised cost				
Non-current borrowings	(13.9)	-	(13.9)	-
Non-current trade and other payables	(0.8)	(0.7)	(0.7)	(0.5)
Current borrowings	-	(20.2)	-	(20.2)
Current trade and other payables	(967.4)	(250.1)	(788.8)	(210.3)
Financial liabilities at amortised cost total	**(982.1)**	**(271.0)**	**(803.4)**	**(231.0)**
Financial assets at FVOCI				
Short-term financial investments	109.7	-	109.7	-
Financial assets at FVOCI total	**109.7**	**-**	**109.7**	**-**

Fair value hierarchy

The fair value of financial assets and liabilities is the price that would be received or paid to transfer an asset or liability in an orderly transaction between market participants at the measurement date. 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.

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.

All amounts are in £ million unless otherwise stated

Financial assets and liabilities by measurement level:

As of 31 March 2019 and 2018 there were no material differences in the carrying value and fair value of assets and liabilities measured at amortised cost.

Fair value and carrying value	**Group**		**Company**	
	As at 31 March		**As at 31 March**	
	2019	**2018**	**2019**	**2018**
Measurement Level 1				
Financial assets				
Short-term financial investments	109.7	-	109.7	-
Level 1 financial assets total	**109.7**	**-**	**109.7**	**-**
Measurement Level 2				
Financial assets				
Short term trade and other receivables	88.0	41.2	65.6	33.6
Cash and cash equivalents	856.1	301.2	655.7	246.0
Level 2 financial assets total	**944.1**	**342.4**	**721.3**	**279.6**
Financial liabilities				
Non-current borrowings	(13.9)	-	(13.9)	-
Current borrowings	-	(20.2)	-	(20.2)
Current trade and other payables	(951.9)	(241.4)	(756.1)	(198.0)
Level 2 financial liabilities total	**(965.8)**	**(261.6)**	**(770.0)**	**(218.2)**
Measurement Level 3				
Financial assets				
Long term receivables	1.8	1.5	1.4	1.1
Short term trade and other receivables	14.8	9.5	43.9	28.1
Level 3 financial assets total	**16.6**	**11.0**	**45.3**	**29.2**
Financial liabilities				
Non-current trade and other payables	(0.8)	(0.7)	(0.7)	(0.5)
Current trade and other payables	(15.5)	(8.7)	(32.7)	(12.3)
Level 3 financial liabilities total	**(16.3)**	**(9.4)**	**(33.4)**	**(12.8)**

All amounts are in £ million unless otherwise stated

Contractual maturity of financial assets and liabilities:

	Group		Company	
	As at 31 March		As at 31 March	
	2019	**2018**	**2019**	**2018**
Less than 1 year				
Short term trade and other receivables	102.8	50.7	109.5	61.7
Short-term financial investments	109.7	-	109.7	-
Cash and cash equivalents	856.1	301.2	655.7	246.0
Financial assets total	**1,068.6**	**351.9**	**874.9**	**307.7**
Current borrowings	-	(20.2)	-	(20.2)
Current trade and other payables	(967.4)	(250.1)	(788.8)	(210.3)
Financial liabilities total	**(967.4)**	**(270.3)**	**(788.8)**	**(230.5)**
Between 1 and 5 years				
Long term receivables	1.8	1.5	1.4	1.1
Financial assets total	**1.8**	**1.5**	**1.4**	**1.1**
Non-current borrowings	(13.9)	-	(13.9)	-
Non-current trade and other payables	(0.8)	(0.7)	(0.7)	(0.5)
Financial liabilities total	**(14.7)**	**(0.7)**	**(14.6)**	**(0.5)**

TransferWise Ltd

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