Registration number: 07110878

WorldRemit LTD.

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2019

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WORLDREMIT LTD.

Company Information

Chairman	Ismail Ahmed
Chief executive	Breon Corcoran
Directors	Sophie Krishnan (appointed: 1 September 2020) Andras Viktor Mecser (appointed: 1 September 2020) John Henry Vallis (appointed: 6 October 2020)
Company secretary	Amber Tighe (appointed: 24 April 2020) Previously OHS Secretaries Ltd (resigned: 3 January 2020)
Registration number	07110878
Registered office	62 Buckingham Gate London SW1E 6AJ
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

WORLDREMIT LTD.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their Strategic Report for the year ended 31 December 2019.

REVIEW OF THE BUSINESS

The directors present their Strategic Report for WorldRemit LTD. (the "Company") and its subsidiaries (together the "Group").

Major shareholders supporting the Group's growth include Technology Crossover Ventures, Accel Partners and LeapFrog Investments. The Group also has working capital facilities with Silicon Valley Bank and had working capital facilities with TriplePoint Capital which were settled in full during the year ended 31 December 2019. The Group ended 2019 with £105.5m of total equity and £82.7m of cash and cash equivalents.

The Board believes that the Group is well placed both financially and operationally.

PRINCIPAL ACTIVITIES

The Group provides digital international money transfer services to senders with our leading mobile cross-border payments platform. We support a many-to-many pay-in and pay-out architecture on our platform that allows customers to use the available pay-in and pay-out combination of their choice. By integrating our platform and infrastructure, we are able to provide our customers with multiple pay-in options. We are also able to offer multiple pay-out options which may include a funds transfer into popular mobile money accounts or digital wallets, a bank account, local cash pickup services and airtime top-ups. The Group mobile cross-border payments platform powers fund flows from more than 50 send countries to more than 140 receive countries.

The Group has built a global network of relationships with financial institutions, mobile telecommunication companies and other business partners, connected via our mobile cross-border payments platform. Growth in customers and transaction volumes on our platform drives greater leverage with partners resulting in lower pay-in, foreign exchange and pay-out costs.

We are licensed, authorised or otherwise regulated in a number of jurisdictions around the world. WorldRemit LTD is our main UK operating entity and is currently authorised and regulated by the Financial Conduct Authority ("FCA") as an Electronic Money Institution ("EMI") pursuant to the Payment Services Regulations 2017 and the Electronic Money Regulations 2011. The Group's United States subsidiary is a money services business ("MSB") registered with the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") and licensed as a money transmitter (or its equivalent) in 51 states and territories. The Group's subsidiary in Belgium is currently authorised by the National Bank of Belgium as a money remittance service provider, pursuant to the Law on Payment Institutions of 2018. We are also licensed as a money services business in Quebec under the Money-Services Businesses Act. In addition, we hold licenses or other authorisations in a number of countries in the Asia-Pacific region, including in Australia as an Independent Remittance Dealer with AUSTRAC, New Zealand, Hong Kong, Japan, Singapore and Malaysia, and in Africa, including in South Africa, Somaliland, Rwanda and Tanzania.

KEY PERFORMANCE INDICATORS AND FUTURE DEVELOPMENTS

The Group has delivered strong growth since its inception and this continued through 2019. The Group regularly review several metrics and non-IFRS measures, including the metrics presented in the table below, to measure our performance, identify trends affecting our business, prepare financial projections and make strategic decisions. Our key performance indicators ("KPI's") and non-IFRS measures include Transactions, Revenue and Adjusted EBITDA continue to trend positively into 2019.

KPIs	**2019**	**2018 (restated)**
Transactions (million)	18.0	13.0
Revenue (£m)	122.2	85.8
Adjusted EBITDA (£m)	(22.3)	(25.8)
Employees (number as at year end)	833	615

(1) Transactions means the total number of transactions facilitated through our platform in a given period.

(2) Adjusted EBITDA is a supplemental measure of our performance that is not required by, or presented in accordance with, IFRS. Adjusted EBITDA should not be considered as alternative to loss for the year as a measure of financial performance.

We define Adjusted EBITDA as loss for the year adjusted for income taxes, finance costs, depreciation, amortisation, impairment of non-financial assets, share-based compensation, fair value movement on derivatives, and transaction related costs.

We present Adjusted EBITDA because we consider it to be an important supplemental measure of our performance, and we believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies. Our management believes that investors' understanding of our performance is enhanced by including Adjusted EBITDA as a reasonable basis for comparing our ongoing results of operations. Many investors are interested in understanding the performance of our business by comparing our results from ongoing operations period over period and would ordinarily add back non-cash expenses, including depreciation, amortisation, share-based compensation and items that are not part of normal day-to-day operations of our business. By providing Adjusted EBITDA, together with a reconciliation to IFRS, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives.

Management uses Adjusted EBITDA:

- as a measurement of operating performance because it assists us in comparing our operating performance on a consistent basis, as it removes the impact of items not directly resulting from our core operations;
- for planning purposes, including the preparation of our internal annual operating budget and financial projections; and
- to evaluate the performance and effectiveness of our strategic initiatives.

Items excluded from Adjusted EBITDA are significant components in understanding and assessing financial performance. Adjusted EBITDA has limitations as an analytical tool and should not be considered in isolation, or as an alternative to, or a substitute for loss for the year, revenue or other financial statement data presented in our consolidated financial statements as indicators of financial performance. Some of the limitations are:

- adjusted EBITDA does not reflect our expenditures, or future requirements for capital expenditures or contractual commitments;
- adjusted EBITDA does not reflect changes in our working capital needs;
- adjusted EBITDA does not reflect our share-based payments, income tax (credit)/expense or the amounts necessary to pay our taxes;

KEY PERFORMANCE INDICATORS AND FUTURE DEVELOPMENTS (CONTINUED)

- although depreciation and amortisation are eliminated in the calculation of Adjusted EBITDA, the assets being depreciated and amortised will often have to be replaced in the future and such measures do not reflect any costs for such replacements; and
- other companies may calculate such measures differently than we do, limiting their usefulness as comparative measures.

Due to these limitations, Adjusted EBITDA should not be considered as measures of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our IFRS results and using Adjusted EBITDA only as a supplemental measure.

The following table reconciles Adjusted EBITDA to the most directly comparable IFRS financial performance measure, which is loss for the year:

	2019	2018 (restated)[1]
	£	£
Loss for the year	(47.8)	(45.6)
Adjusted for:		
Income tax credit	(0.1)	(0.3)
Finance income	-	-
Finance costs	8.8	6.2
Share-based payments	10.3	3.7
Depreciation, amortisation and impairment of non-financial assets	6.7	10.2
Fair value movement on derivatives	(0.2)	-
Adjusted EBITDA	**(22.3)**	**(25.8)**

Revenue growth continues to show strong performance as the Group continues to invest in marketing, drive efficiency in acquisition through on-line and brand spend, and continue to invest in new markets, products and technology. Revenue growth was supported by the increase in transactions (39% increase in 2019).

The loss attributable to equity shareholders for the year ended 31 December 2019 increased by £2.2m to £47.8m (2018: £45.6m).

The adjusted EBITDA for 2019 was £22.3m loss (2018: £25.8m loss).

The Board considers the Group to be strongly capitalised and well positioned for continued growth into 2020. The Series D funding secured in May 2019 will allow the Group to further drive global growth and diversify the product offering for both international money transfer senders and recipients. The Board will continue to promote the strong growth of the Group in balance with the prudent management of capital resources, cost discipline and improving underlying profitability.

The year of 2020 remained positive as WorldRemit continued to deliver revenue and profitability actuals in line with forecasts despite an unprecedented and unforeseeable pandemic outbreak which highlights both the strength of our business model and the resilience of the remittance industry.

[1] See note 29 for details on prior year adjustments and re-classifications included above in respect of the year ended 31 December 2018.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces operational and financial risks in the ordinary course of its business, the most important of which we have summarised below. These risks are managed on both a Group-wide and local basis. The Board reviews and agrees policies for managing the key financial risks, summarised in note 5 to the financial statements.

Strategic risk: The Group's strategy is to become a leading player in the international money transfer markets. The strategic risk can arise from the uncertainty and untapped opportunities embedded in that strategic intent and how well they are executed. The Board meets regularly to review the Group's strategy, progress in delivery thereof and any necessary changes thereto. Management operates and manages changes to the business in accordance with that strategy.

Reputational risk: Customer confidence in our brand and the ability to provide fast, reliable transfer and payment services are critical to the Group's success. Erosion of confidence in our business, or in money transfer providers as a means to transfer money, could adversely impact money transfer volumes, which would in turn harm our business, financial condition and/or results of operations The Group continues to invest resources in building and protecting its brand including operating a strong compliance orientated culture.

Regulatory risk: We are licensed, authorised or otherwise regulated in a number of jurisdictions around the world, including in, among other jurisdictions: the United States as a money services business ("MSB") registered with the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN") and licensed as a money transmitter (or its equivalent) in 51 states and territories; the United Kingdom by the FCA; and Belgium by the National Bank of Belgium. We operate in a highly regulated environment, and our business is subject to a wide range and increasing number of laws, regulations, rules, guidance and regulatory and judicial interpretations thereof that vary from jurisdiction to jurisdiction. We have put in place systems and controls to minimise the risk that we breach applicable regulations or laws. The Group mitigates this regulatory risk by ensuring a strong compliance culture throughout all levels of the business, investing in appropriate systems, controls and training. Breaches may result in regulatory actions, interference with our ability to transfer money reliably, attempts to seize transaction funds, or restrict our payment processors or disbursement partners' ability to transfer money.

Operational risk: We are subject to various counterparty risks through our association with third parties. In particular, we are subject to corridor risk, which is the risk arising from the processing of funds from send country to receive country. Corridor risk is managed by selecting and working with appropriate partners at both the send and receive end of each corridor coupled with a high focus on compliance and strong operational controls.

Competitive risk: The markets in which we compete are highly competitive and are highly fragmented. We face competition from industry incumbents such as full service banks and traditional cross-border payments companies, as well as niche money senders and digital players and external disruptors operating in the money transfer market. We also compete against smaller, country-specific competitors, banks and informal person-to-person money transfer service providers, web-based services, mobile money transfer services, payment processors, card-based payments providers such as issuers of e-money, mobile wallets, informal remittance systems, postal organisations and digital currencies. To compete successfully we will need to continue to invest in our brand, prices, products and services, technology, marketing and customer services. In addition, we have historically implemented and will likely continue to implement price reductions from time to time in response to competition and other factors.

Foreign exchange risk: We deliver customer remittances from send currency in the send country to the receive currency in the receive country. In the vast majority of cases, the recipient pay-out occurs within a day of sending. In order to enable payment in the receive currency, the Group prefunds many correspondent partners typically 24-48 hours in advance in accordance with expected volumes. The Group prefunds those correspondents using its cash balances and working capital facilities from third parties. The Group is exposed to exchange risk during this process which is mitigated through speed of delivery between send and receive, efficient forecasting and regular conversion of send currencies into expected receive currencies.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Being an international business we also have assets and liabilities denominated in currencies other than our sterling reporting currency which are subject to exchange rate risk. The Group uses forward contracts to hedge its currency risk but does not apply hedge accounting.

Credit risk: We are exposed to the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally from our cash and cash equivalents held in banks and prefunded debtors included in other debtors. The Group carefully manages the amounts which are prefunded and regularly reviews the financial strength of these correspondents. However, a financial failure by a correspondent would likely result in financial loss for the Group.

Liquidity risk: Liquidity risk arises from the dynamic business profile and growth of the business. Prudent liquidity management includes maintaining sufficient cash reserves and working capital facilities to facilitate this profile and growth. Cash flow is monitored daily and forecasting is used to manage the projected business growth. The Group finance function monitors rolling forecasts of the liquidity requirements on a daily basis to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its working capital financing facilities at all times so that the Group maintains all necessary covenants and requirements.

Corporate Governance reporting s172, stakeholder and governance reporting

The directors of WorldRemit - and those of all UK companies - must act in accordance with a set of general duties. These duties are detailed in the UK's Companies Act and the directors of WorldRemit take these responsibilities seriously and have performed their duty to promote the success of the Group with regards to the following areas:

Shareholders: The Board is committed to openly engaging with shareholders and recognises the importance of a continuing and effective dialogue. Throughout 2019, frequent communication and consultation with major institutional investors and private shareholders occurred to ensure that the Group's ambitions were aligned with relevant shareholder objectives. In particular, the Series D funding and associated projects allowed for significant shareholder engagement focused on the long-term success of the Group in addition to regulatory standards.

Business conduct: WorldRemit is committed to conducting business to the highest standards given the heavily regulated industry that we operate in and we are mindful that our businesses across the world are regulated by many different authorities in different jurisdictions. The Board approved and implemented the Subsidiary Governance Policy in May 2019 and our continued commitment to Modern Slavery Statements and Gender Pay Gap reporting helps us maintain high standards of business conduct globally.

Culture and Performance Oversight: The Board supports the Group's Executive Committee in embedding a culture that will help deliver long-term success. To this end, there have been various changes to the Executive Committee to build a strong, efficient and cohesive management team at WorldRemit.

In addition, the Board reviews and approves the Group's strategic and business plans. Once approved, at each Board meeting and on the basis of interim reporting there is close monitoring against the agreed business plans to ensure that the Board is able to make informed decisions considering the interests of various stakeholders, the consequences of its decisions in the long-term and the Group's long-term reputation.

During board meetings, members of the WorldRemit Executive Committee are invited to present on various topics covering all aspects of the business including financial performance, operations, marketing, people, pricing, product, compliance and technology. This is to ensure directors have the relevant oversight and information to make informed decisions and allows for insightful and informed decision making.

Governance: As a private limited company, WorldRemit is not required to follow the UK Corporate Governance Code 2018 nor the Wates principles for private companies. That said, governance is taken seriously by the Board and managed by various means including the adoption of:

- a delegation of authority to ensure that clear parameters are in place relating to financial thresholds and approval and signatory rights across the business; and

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Corporate Governance reporting s172, stakeholder and governance reporting (continued)

- a subsidiary governance policy that establishes common rules for the corporate governance of subsidiaries in order to protect the Group's interests by mitigating risks and preserve the integrity of the Group's corporate structure.

Employees: WorldRemit is committed to engaging with all employees and continues to invest in this area. During the financial year the Group hired talent management and internal communications specialists to support and develop staff-related initiatives. These include:

- an employee engagement survey, conducted globally and allowing insight into employee behaviours and satisfaction.

- a new and in-depth performance management programme, which was introduced in April 2019 to support employee development and success.

- the alignment of business and individual objectives, reporting business performance to a broad employee group against agreed key performance indicators and delivery in line with agreed company values.

WorldRemit's policies and procedures set minimum standards for all its employees. Such policies and procedures also set out due diligence requirements with respect to WorldRemit's partners in relation to (amongst others) the risk of bribery, fraud, human rights violations and other socially unacceptable behaviours.

Customers: Customers are at the heart of WorldRemit's purpose. Built on the vision of our founders, WorldRemit is committed to making it easier to send money to family and friends conveniently, quickly, securely and at the best exchange rates. As a result, customers are a key influence for the Board and decisions are made based on direct feedback from customers, engagement on user testing and product development which has increased throughout 2019.

Supplier: The Board retains oversight on material contracts through an Investor Majority Consent approval process to ensure that all material contracts are considered to be in the best interest of the Group and in alignment with key business priorities. In addition, WorldRemit works closely with our banking partners, correspondents and pay out partners across a global network to foster transparent and robust relationships to ensure we are available to support our customers and maintain the highest standards of business conduct.

Environmental and social issues: The Group is the process of defining it's Environmental, Social and Corporate Governance Policy which will be reviewed at least annually, once implemented. This will include engagement with the community.

Approved by the Board of Directors on 16 February 2021 and signed on its behalf by:

DocuSigned by:

Andras Mecser

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Andras Mecser

Director

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their Report together with the audited Consolidated Financial Statements of the Group for the year ended 31 December 2019.

The results for the year ended 31 December 2019, together with the comparative figures for the year ended 31 December 2018, have been prepared under international accounting standards ("IFRS") in conformity with the requirements of the Companies Act 2006 and under Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) for the parent financial statements.

The Group has chosen, in accordance with Section 414C (11) of the Companies Act 2006, to include information in relation to financial risk management within the Strategic report, that would otherwise be required to be disclosed in this Directors' report.

INDEMNITY

The Group has made qualifying third party indemnity provisions for the benefit of the respective directors which were in place throughout the year and which remain in place at the date of this report.

RESEARCH AND DEVELOPMENT

The Group will continue to invest in financial software development and innovation in its products. During the year, the Group capitalised £4.2m (2018: £4.1m) of software development costs which were all internally generated.

EMPLOYEES

The Group attaches importance to good communications and relations with employees. Meetings are actively held to fulfil the objectives on a frequent basis. All employees are kept up to date with developments in the Group and financial factors expected to affect the Group performance.

DISABLED EMPLOYEES

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

DONATIONS

The Group made £nil charitable donations for the year ended 31 December 2019 (2018: £nil).

FUTURE OUTLOOK

The directors are confident of the future performance of the Group. The Group continues to deliver strong revenue growth and increase its customer base. Further details are disclosed earlier in the Strategic Report.

There are currently no EU branches.

GOING CONCERN

The directors have adopted the going concern basis in preparing these financial statements, after assessing the Group's principal risks, which assumes the Group will be able to meet their liabilities when they fall due.

When assessing the ability of the Group to continue as a going concern, the directors have considered the Group's current and future financing arrangements, the history of recurring losses from operations, the forecast trading performance and any significant cash commitments for a period of at least 12 months from the approval of these accounts. At 31 December 2019, the group had cash and cash equivalents of £82.7m (£6.5m of which is restricted cash).

In undertaking the going concern review, the directors have considered the trading performance and funding position under a range of scenarios prepared by management, including a base case forecast and also a reasonable worse case (RWC) scenario, reflecting a trading downside with corresponding mitigating management actions.

Management have prepared the Group's base case forecast, which reflects current trading expectations and execution of the business plan. Revenue growth rate for 2021 is assumed to be below historic levels and compares to 50%, 43% and 52% in 2018, 2019 and 2020 respectively for WorldRemit.

In the base case forecast, should a planned equity raise not go ahead, management is forecasting a cash shortfall in Q3 and Q4 2021 before recovering to a cash surplus in Q1 2022. Additionally, the minimum cash balance covenant would be breached in Q3 and Q4 2021 and Q1 2022. In this scenario, management mitigating actions would need to be taken, additional financing obtained, or a covenant waiver obtained.

The RWC scenarios reflect a severe but plausible scenario assumes no planned equity raise and revenue growth remains flat, with the implementation of mitigating management actions to reduce the level of marketing spend and a reduction in headcount. Given the forecast and historic growth rates, this is considered to be a severe downside scenario. If this did eventuate, the directors believe that management actions could mitigate the cash burn through both 25% headcount reductions compared to the forecast (by freezing assumed recruitment and releasing some contractors on short notice periods) and significantly reduce the marketing spend. In the period under review, given the planned investment cycle of the business and the high customer retention levels, these actions result in an improved cash position, with no overall cash shortfall. However, the minimum cash balance covenant and the minimum revenue growth covenant would be breached in Q3 and Q4 2021 and Q1 2022. In this scenario, management mitigating actions would need to be taken, additional financing obtained, or a covenant waiver obtained for the cash shortfall and a covenant waiver obtained for the revenue breach.

Financing
In February 2021, the Group signed a 4 year term credit facility with two lenders (Blackrock and Hercules) for a total of $225.0m (£170.6m), to fund the Sendwave acquisition.

The Group had a revolving credit facility with Silicon Valley Bank ("SVB") of $35.0m (£26.5m) at 31 December 2019, which has been in place since 2015. This facility was increased to $50.0m (£37.9m) during 2020 and further to $70.0m (£53.1m) for a one month period only at the end of December 2020. This facility was renewed in February 2021 and is contracted until December 2021. On the basis that this facility has been in place with SVB for over 5 years and has been renewed without any issues, the directors are confident this will be extended and re-signed during 2021. This facility is used to provide temporary funding during peak requirements in the year, which typically revolve around key holiday periods. The SVB facility includes a requirement to have a zero balance for at least one day every 45 days (45 day clean down period). The business model means there is a time lag between the group funding the correspondent network and the client receipts settling in the group's accounts (at 31 December 2019 there was £55.4m of prefunding and £15.2m of outstanding receipts from acquirers) and so the date of repayment can be managed to meet a period (typically the first half of a week in the middle of the month) when volumes, and so working capital requirements, are low. There have been no instances where the group has been unable to meet these criteria.

The Group has additional credit lines of $45.8m (£34.7m) which are used to fund short term peak working capital requirements. These are short term facilities which are repayable in the less than 7 days.

Material Uncertainties
The directors have concluded that the uncertainty over the renewal of the $50.0m (£37.9m) SVB credit facility, the potential to breach covenants attached to the debt facilities within the next 12 months, and the timing and level of the equity fund raise represent material uncertainties that cast significant doubt over the group's ability to continue as a going concern. However, having assessed the financial forecasts, sensitivities and possible mitigating actions, and the access to other potential sources of debt or equity funding, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the next twelve months and therefore the Directors continue to adopt the going concern basis in preparing these financial statements.

Therefore, the financial statements do not include any adjustments that would result if the going concern basis of preparation was inappropriate.

EVENTS AFTER THE REPORTING PERIOD

In December 2019, a novel strain of coronavirus disease ("COVID-19") was first reported in Wuhan, China. Less than four months later, on 11 March 2020, the World Health Organisation declared COVID-19 a pandemic. The extent of COVID-19's effect on the Group's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape.

WorldRemit completed a corporate reorganisation on 2 June 2020, following the interposition of three new UK holding companies above WorldRemit LTD., which was previously the holding company of the WorldRemit Group. Over the next year, it is expected that all the regulated entities will sit at the same level in the Group.

The shareholders who previously held shares in WorldRemit LTD. now hold equivalent shares, in the same proportions, in WorldRemit Group Limited, the new holding company of the Group. Therefore, neither the identity of the ultimate beneficial owners of the Group, nor the proportions in which they hold their interests in the WorldRemit Group have changed as a result of the corporate reorganisation.

In August 2020, we entered into an agreement to acquire Sendwave, a leading mobile-first provider of 100% digital cross-border payment solutions with deep capabilities in powering mobile payments from North America and Western Europe to East Africa, West Africa and Asia. In February 2021, the Group signed a 4 year term credit facility with two lenders (Blackrock and Hercules) for a total of $225.0m (£170.6m), to fund this acquisition. The Group completed the acquisition in February 2021.

The Group had a revolving credit facility with Silicon Valley Bank ("SVB") of $50.0m (£37.9m) during 2020 and increased further to $70.0m (£53.1m) for a one month period only at the end of December 2020. This facility was renewed in February 2021 and is contracted until December 2021.

DIVIDENDS

The directors do not propose the payment of a dividend (2018: £nil).

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the Consolidated Financial Statements (the "Annual Report") 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 accounting standards in conformity with the requirements of the Companies Act 2006 and Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether the Group and Company, international accounting standards ('IFRS') in conformity with the requirements of the Companies Act 2006 have been followed 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 Company will continue in business.

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

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

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

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

DIRECTORS

The directors of the Company during the year and up to the date of approval of these financial statements were:

Sophie Krishnan (appointed 1 September 2020)
Andras Viktor Mecser (appointed 1 September 2020)
John Henry Vallis (appointed 6 October 2020)
Jonathan Addis (resigned: 1 September 2020)
Ismail Ahmed (resigned: 1 September 2020)
Breon Corcoran (resigned: 1 September 2020)
John Doran (resigned: 1 September 2020)
Stewart Langdon (resigned: 1 September 2020)
John Kenneth Locke (resigned: 1 September 2020)
Hendrik Willem Nelis (resigned: 1 September 2020)
Catherine Wines (resigned: 1 September 2020)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

Approved by the Board of Directors on 16 February 2021 and signed on its behalf by:

DocuSigned by:

Andras Mecser

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Andras Mecser

Director

Independent auditors' report to the members of WorldRemit Ltd

Report on the audit of the financial statements

Opinion

In our opinion:

- WorldRemit Ltd's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2019 and of the Group's loss and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements 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 Statement of Financial Position and the Company Statement of Financial Position as at 31 December 2019; the Consolidated Statement of Income (Loss) and the Consolidated Statement of Comprehensive Loss, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Material uncertainty related to going concern - Group and Company

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the Group's and Company's ability to continue as a going concern. The Group has a history of recurring losses from operations and has negative operating cash flows. Following the year end the Group has completed the acquisition of Chime Inc. ("Sendwave"), which has been financed through a new $225,000,000 debt facility. The Silicon Valley Bank (SVB) revolving credit facility was also extended to December 2021, which is within the going concern assessment period.

Management's base case forecasts show that the Group and Company can continue as a going concern but when sensitivities are applied, this reasonable worse case scenario shows a further requirement for financing and potential breaches in covenants. In this scenario, management mitigating actions would need to be taken, additional financing obtained, or a covenant waiver obtained. The forecast for the Group and Company for the going concern assessment period also includes an assumption that the Group will be able to extend the existing SVB facilities which they use to manage their working capital commitments with appropriate new facilities on or before 31 December 2021. In addition, the timing and level of the equity raise is also uncertain.

These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Reporting on other information

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

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

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

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 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 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 page 10, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Nigel Reynolds (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 February 2021

WORLDREMIT LTD.

CONSOLIDATED STATEMENT OF INCOME (LOSS)

(in millions, except share and per share amounts)

	Note	31 December 2019 £	31 December 2018 (restated)[1] £
Revenue	7	122.2	85.8
Cost of sales	8	(45.6)	(35.7)
Gross profit		**76.6**	**50.1**
Administrative expenses	8	(115.9)	(89.8)
Operating loss on ordinary activities before interest and taxes		**(39.3)**	**(39.7)**
Fair value gain on derivatives		0.2	-
Finance costs	10	(8.8)	(6.2)
Loss before income tax		**(47.9)**	**(45.9)**
Income tax credit	14	0.1	0.3
Loss for the year attributable to equity shareholders		**(47.8)**	**(45.6)**
Loss per share:	6		
Basic and Diluted loss per share		(1.66)	(1.71)
Weighted average number of shares outstanding – basic & diluted		28,830,932	26,628,800

See Notes to the Consolidated Financial Statements.

[1]See note 29 for details on prior year adjustments and re-classifications included above in respect of the year ended 31 December 2018.

WORLDREMIT LTD.

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

(in millions)

	Note	31 December 2019	31 December 2018 (restated)[1]
Other comprehensive loss		**£**	**£**
Loss for the year attributable to equity shareholders		(47.8)	(45.6)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation (losses)/gains after tax	25	(0.4)	0.2
Total comprehensive loss attributable to equity shareholders		**(48.2)**	**(45.4)**

[1] See note 29 for details on prior year adjustments and re-classifications included above in respect of the year ended 31 December 2018.

WORLDREMIT LTD.

Registration number: 07110878

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions)

	Note	31 December 2019	31 December 2018 (restated)[1]	01 January 2018 (restated)[1]
Assets				
Non-current assets		£	£	£
Property, plant and equipment	16	4.4	4.4	2.1
Right of use assets	17	8.2	-	-
Intangible assets	15	7.1	6.4	11.6
Deferred tax assets	14	0.2	0.1	0.1
Long-term deposits		1.4	1.4	1.4
		21.3	**12.3**	**15.2**
Current assets				
Other debtors	20	76.7	44.1	38.1
Cash and cash equivalents		82.7	25.1	35.4
Restricted cash		6.5	3.6	2.4
		165.9	**72.8**	**75.9**
Total assets		**187.2**	**85.1**	**91.1**
Equity and liabilities				
Equity				
Share capital	24	-	-	-
Share premium	24	(252.3)	(111.2)	(91.2)
Other reserves	25	(15.1)	(6.3)	(2.1)
Accumulated losses		161.9	113.3	67.1
Equity attributable to owners of the group		**(105.5)**	**(4.2)**	**(26.2)**
Non-current liabilities				
Lease liabilities	23	(9.2)	-	-
Warrants	22	(1.8)	(2.0)	(1.0)
Provisions	27	(1.6)	(0.2)	-
Convertible loans	22	(0.2)	(2.0)	(1.7)
Long term loans	22	-	(14.3)	(11.5)
		(12.8)	**(18.5)**	**(14.2)**
Current liabilities				
Lease liabilities	23	(1.8)	-	-
Trade and other payables	21	(67.1)	(62.4)	(50.7)
		(68.9)	**(62.4)**	**(50.7)**
Total liabilities		**(81.7)**	**(80.9)**	**(64.9)**
Total equity and liabilities		**(187.2)**	**(85.1)**	**(91.1)**

See Notes to the Consolidated Financial Statements.

The financial statements on pages 16 to 68 were approved by the Board of Directors on 16 February 2021 and signed on its behalf by:

DocuSigned by:
Andras Mecser
96D69706ECC7448...
Andras Mecser
Director

[1] See note 29 for details on prior year adjustments and re-classifications included above in respect of the year ended 31 December 2018.

WORLDREMIT LTD.

Registration number: 07110878

COMPANY STATEMENT OF FINANCIAL POSITION

(in millions)

Assets	Notes	31 December 2019	31 December 2018 (restated)[1]	01 January 2018 (restated)[1]
Non-current assets		£	£	£
Property, plant and equipment	16	2.1	1.9	1.9
Right of use assets	17	5.5	-	-
Intangible assets	15	7.0	6.3	11.3
Long-term deposits		1.4	1.4	1.4
Investments in subsidiaries	18	7.0	5.2	3.7
		23.0	**14.8**	**18.3**
Current assets				
Other debtors	20	74.1	44.7	39.5
Cash and cash equivalents		74.4	17.3	29.2
Restricted cash		0.9	0.7	0.9
		149.4	62.7	69.6
Total assets		**172.4**	**77.5**	**87.9**
Equity and liabilities				
Equity				
Share capital	24	-	-	-
Share premium	24	(252.3)	(111.2)	(91.2)
Other reserves	25	(15.1)	(5.9)	(1.9)
Accumulated losses		167.0	114.5	67.6
Equity attributable to owners of the company		**(100.4)**	**(2.6)**	**(25.5)**
Non-current liabilities				
Lease liabilities	23	(6.8)	-	-
Warrants	22	(1.8)	(2.0)	(1.0)
Provisions	27	(1.6)	(0.2)	-
Convertible loans	22	(0.2)	(2.0)	(1.7)
Long term loans	22	-	(14.3)	(11.5)
		(10.4)	**(18.5)**	**(14.2)**
Current liabilities				
Lease liabilities	23	(1.2)	-	-
Trade and other payables	21	(60.4)	(56.4)	(48.2)
		(61.6)	(56.4)	(48.2)
Total liabilities		**(72.0)**	**(74.9)**	**(62.4)**
Total equity and liabilities		**(172.4)**	**(77.5)**	**(87.9)**

See Notes to the Consolidated Financial Statements.

The financial statements on pages 16 to 68 were approved by the Board of Directors on 16 February 2021 and signed on its behalf by:

DocuSigned by:
Andras Mecser
....
96D69706ECC7448...
Andras Mecser
Director

[1]See note 29 for details on prior year adjustments and re-classifications included above in respect of the year ended 31 December 2018.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in millions)

	Note	Share capital	Share premium	Other reserves	Accumulated losses	Total equity
		£	£	£	£	£
Balance at 1 January 2018		**-**	**91.2**	**2.1**	**(67.1)**	**26.2**
Loss for the year		-	-	-	(44.8)	(44.8)
Currency translation adjustments	25	-	-	0.2	-	0.2
Share-based payments	25, 26	-	-	3.2	-	3.2
Transfer of share option costs	25	-	-	0.5	(0.6)	(0.1)
Shares issued		-	20.0	-	-	20.0
At 31 December 2018		**-**	**111.2**	**6.0**	**(112.5)**	**4.7**
Effect of prior year adjustments	29	-	-	0.3	(0.8)	(0.5)
At 31 December 2018 (restated)		**-**	**111.2**	**6.3**	**(113.3)**	**4.2**
Effect of IFRS 16 adoption	2	-	-	-	(0.8)	(0.8)
Balance at 1 January 2019 (adjusted)		**-**	**111.2**	**6.3**	**(114.1)**	**3.4**
Loss for the year		-	-	-	(47.8)	(47.8)
Equity translation reserve release	25	-	-	(0.6)	-	(0.6)
Currency translation adjustments	25	-	-	(0.4)	-	(0.4)
Share-based payments	25, 26	-	-	9.8	-	9.8
Shares issued	24	-	141.1	-	-	141.1
Balance at 31 December 2019		**-**	**252.3**	**15.1**	**(161.9)**	**105.5**

See Notes to the Consolidated Financial Statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

(in millions)

	Notes	Share capital	Share premium	Other reserves	Accumulated losses	Total equity
		£	£	£	£	£
Balance at 1 January 2018		**-**	**91.2**	**1.9**	**(67.6)**	**25.5**
Loss for the year		-	-	-	(45.5)	(45.5)
Currency translation adjustments	25	-	-	-	-	-
Share-based payments	25, 26	-	-	3.2	-	3.2
Transfer of share option costs	25	-	-	0.5	(0.6)	(0.1)
Shares issued		-	20.0	-	-	20.0
Balance at 31 December 2018		**-**	**111.2**	**5.6**	**(113.7)**	**3.1**
Effect of prior year adjustments	29	-	-	0.3	(0.8)	(0.5)
Balance at 31 December 2018 (restated)		**-**	**111.2**	**5.9**	**(114.5)**	**2.6**
Effect of IFRS 16 adoption	2	-	-	-	(0.9)	(0.9)
Balance at 1 January 2019 (adjusted)		**-**	**111.2**	**5.9**	**(115.4)**	**1.7**
Loss for the year		-	-	-	(51.6)	(51.6)
Equity translation reserve release	25	-	-	(0.6)	-	(0.6)
Currency translation adjustments	25	-	-	-	-	-
Share-based payments	25, 26	-	-	9.8	-	9.8
Shares issued		-	141.1	-	-	141.1
Balance at 31 December 2019		**-**	**252.3**	**15.1**	**(167.0)**	**100.4**

See Notes to the Consolidated Financial Statements.

WORLDREMIT LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions)

	Note	31 December 2019 £	31 December 2018 (restated)[1] £
Net cash used in operating activities	19	**(46.8)**	**(38.7)**
Cash flows used in investing activities			
Additions to property, plant and equipment	16	(1.5)	(3.2)
Additions to intangible assets	15	(4.4)	(4.1)
Net cash used in investing activities		**(5.9)**	**(7.3)**
Cash flows generated from financing activities			
Repayments of borrowings		(26.6)	15.5
Proceeds from issuance of debt		59.1	20.0
Proceeds from issuance of equity net of transaction costs		77.7	-
Principal elements of lease repayments	23	(1.6)	-
Net cash generated from financing activities	28	**108.6**	**35.5**
Net increase / (decrease) in cash and cash equivalents		**55.9**	**(10.5)**
Cash and cash equivalents at beginning of year		25.1	35.3
Foreign exchange (loss)/gain on cash and cash equivalents		1.7	0.3
Cash and cash equivalents at end of year		**82.7**	**25.1**

See Notes to the Consolidated Financial Statements.

[1] See note 29 for details on prior year adjustments and re-classifications included above in respect of the year ended 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

WorldRemit LTD ("Group") is a company limited by shares and is incorporated and domiciled in England, United Kingdom under the Companies Act 2006. The address of the registered office is 62 Buckingham Gate, London, SW1E 6AJ.

2 Summary of significant accounting policies

Basis of preparation

The consolidated financial statements of WorldRemit LTD. have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements are presented in Pounds Sterling and have been prepared under the historical cost convention, modified to include the fair valuation of certain financial instruments and share-based payments, to the extent required or permitted under IFRS as set out in the relevant accounting policies. Accounting policies have been applied consistently, other than where new policies have been adopted.

Company law requires the directors to prepare the Company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Going concern

The directors have adopted the going concern basis in preparing these financial statements, after assessing the Group's principal risks, which assumes the Group will be able to meet their liabilities when they fall due.

When assessing the ability of the Group to continue as a going concern, the directors have considered the Group's current and future financing arrangements, the history of recurring losses from operations, the forecast trading performance and any significant cash commitments for a period of at least 12 months from the approval of these accounts. At 31 December 2019, the group had cash and cash equivalents of £82.7m (£6.5m of which is restricted cash).

In undertaking the going concern review, the directors have considered the trading performance and funding position under a range of scenarios prepared by management, including a base case forecast and also a reasonable worse case (RWC) scenario, reflecting a trading downside with corresponding mitigating management actions.

Management have prepared the Group's base case forecast, which reflects current trading expectations and execution of the business plan. Revenue growth rate for 2021 is assumed to be below historic levels and compares to 50%, 43% and 52% in 2018, 2019 and 2020 respectively for WorldRemit.

In the base case forecast, should a planned equity raise not go ahead, management is forecasting a cash shortfall in Q3 and Q4 2021 before recovering to a cash surplus in Q1 2022. Additionally, the minimum cash balance covenant would be breached in Q3 and Q4 2021 and Q1 2022. In this scenario, management mitigating actions would need to be taken, additional financing obtained, or a covenant waiver obtained.

The RWC scenarios reflect a severe but plausible scenario assumes no planned equity raise and revenue growth remains flat, with the implementation of mitigating management actions to reduce the level of marketing spend and a reduction in headcount. Given the forecast and historic growth rates, this is considered to be a severe downside scenario. If this did eventuate, the directors believe that management actions could mitigate the cash burn through both 25% headcount reductions compared to the forecast (by freezing assumed recruitment and releasing some contractors on short notice periods) and significantly reduce the marketing spend. In the period under review, given the planned investment cycle of the business and the high customer retention levels, these actions result in an improved cash position, with no overall cash shortfall. However, the minimum cash balance covenant and the minimum revenue growth covenant would be breached in Q3 and Q4 2021 and Q1 2022. In this scenario, management mitigating actions would need to be taken, additional financing obtained, or a covenant waiver obtained for the cash shortfall and a covenant waiver obtained for the revenue breach.

2 Summary of significant accounting policies (continued)

Financing
In February 2021, the Group signed a 4 year term credit facility with two lenders (Blackrock and Hercules) for a total of $225.0m (£170.6m), to fund the Sendwave acquisition.

The Group had a revolving credit facility with Silicon Valley Bank ("SVB") of $35.0m (£26.5m) at 31 December 2019, which has been in place since 2015. This facility was increased to $50.0m (£37.9m) during 2020 and further to $70.0m (£53.1m) for a one month period only at the end of December 2020. This facility was renewed in February 2021 and is contracted until December 2021. On the basis that this facility has been in place with SVB for over 5 years and has been renewed without any issues, the directors are confident this will be extended and re-signed during 2021. This facility is used to provide temporary funding during peak requirements in the year, which typically revolve around key holiday periods. The SVB facility includes a requirement to have a zero balance for at least one day every 45 days (45 day clean down period). The business model means there is a time lag between the group funding the correspondent network and the client receipts settling in the group's accounts (at 31 December 2019 there was £55.4m of prefunding and £15.2m of outstanding receipts from acquirers) and so the date of repayment can be managed to meet a period (typically the first half of a week in the middle of the month) when volumes, and so working capital requirements, are low. There have been no instances where the group has been unable to meet these criteria.

The Group has additional credit lines of $45.8m (£34.7m) which are used to fund short term peak working capital requirements. These are short term facilities which are repayable in the less than 7 days.

Material Uncertainties
The directors have concluded that the uncertainty over the renewal of the $50.0m (£37.9m) SVB credit facility, the potential to breach covenants attached to the debt facilities within the next 12 months, and the timing and level of the equity fund raise represent material uncertainties that cast significant doubt over the group's ability to continue as a going concern. However, having assessed the financial forecasts, sensitivities and possible mitigating actions, and the access to other potential sources of debt or equity funding, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the next twelve months and therefore the Directors continue to adopt the going concern basis in preparing these financial statements.

Therefore, the financial statements do not include any adjustments that would result if the going concern basis of preparation was inappropriate.

New and amended standards issued and effective

IFRS 16 Leases

The Group applied IFRS 16 Leases in the year ended 31 December 2019. The Group has applied a modified retrospective method from 1 January 2019. The reclassifications and the adjustments arising from the new leasing rules are recognised in the opening balance sheet on 1 January 2019. The financial impact of new accounting policies is disclosed in note 23.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 fell within a range of 5.75% and 9.34% depending on the Group entity. To determine the incremental borrowing rate, the Group:

- where possible, used recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- used a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by WorldRemit LTD., which does not have recent third-party financing, and
- made adjustments specific to the lease, e.g. term, country, currency and security.

2 Summary of significant accounting policies (continued)

(i) Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review as an alternative to performing an impairment review – management conclude that there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- that an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application.

	Group	**Company**
(ii) Measurement of lease liabilities (in millions)		
	£	**£**
Operating lease commitments as at 31 December 2018	16.0	11.6
Discounted using the lessee's incremental borrowing rate at the date of initial application	11.5	9.2
Less short-term leases not recognised as a lease liability	(0.1)	-
Lease liability recognised as at 1 January 2019	**11.4**	**9.2**
Of which are:		
Current lease liabilities	1.6	1.2
Non-current lease liabilities	9.8	8.0

(iii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied but discounted using the lessee's incremental borrowing rate at the date of initial application.

(iv) Adjustments recognised in the statement of financial position on 1 January 2019

The change in accounting policy affected the following items in the statement of financial position on 1 January 2019:

Group

- right-of-use assets - increase by £8.5m
- lease liabilities - increase by £11.4m

The impact for the Group of adopting IFRS 16 on 1 January 2019 was the derecognition of a rent-free accrual of £2.1m and the net impact on accumulated losses on 1 January 2019 was an increase of £0.8m.

2 Summary of significant accounting policies (continued)

Company

- right-of-use assets - increase by £6.5m
- lease liabilities - increase by £9.2m

The impact for the Company of adopting IFRS 16 on 1 January 2019 was the derecognition of a rent-free accrual of £1.8m and the net impact on accumulated losses on 1 January 2019 was an increase of £0.9m.

Several other amendments and interpretations that are effective for the year ended 31 December 2019 are applicable, but do not have a material impact on the consolidated financial statements of the Group. The adoption of the following IFRSs did not have a significant effect on the Group's consolidated financial statements and related disclosures.

Effective for annual periods beginning on or after January 2019:

- IFRIC 23 – Uncertainty over Income Tax Treatments
- Amendments to IAS 19 – Employee Benefits – Plan Amendment, Curtailment or Settlement
- Annual Improvements to IFRS 2015 – 2017 Cycle

New standards, amendments and interpretations issued but not effective

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements. The Group anticipate adopting the standard prospectively on 1 January 2020. The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

The Group does not anticipate that adoption of the following IFRSs will have a significant effect on the Group's consolidated financial statements and related disclosures.

Effective for annual periods beginning on or after January 2020:

- Amendments to reference to the Conceptual Framework in IFRS Standards

Effective for annual periods beginning on or after January 2021:

- IFRS 17 – Insurance Contracts

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the Group and all its subsidiaries. Subsidiaries are all entities over which the Group has control. Subsidiaries are fully consolidated from the date on which control passes to the Group and are deconsolidated from the date that control ceases. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intra-Group transactions, balances, income, expenses and unrealised gains have been eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with those used by the Group.

2 Summary of significant accounting policies (continued)

Revenue recognition

The Group earns revenue from transaction fees charged to customers and through foreign exchange gains from transactions involving multiple currencies. Each transaction is considered a separate contract between the Group and the customer, each with one performance obligation, being the receipt of the funds by the recipient.

Revenue is recognised at the point in time the performance obligation is satisfied. Revenue is derived from the money transfer fee and foreign exchange gains/losses resulting from the difference between the exchange rate set by the entity to the customer and the rate sourced in the market.

Intangible assets

Intangible assets relate to website development, software developments and licence costs.

Costs that are directly attributable to the asset controlled by the Group are recognised as intangible assets where the following criteria are met:

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

Capitalised development assets are amortised over their useful lives on a straight-line basis with the impact of the change reflected in the year of adoption. All intangible assets are amortised over 36 months with the exception of licenses which are amortised over 48 months.

At each reporting date, the Group reviews its intangible assets to determine whether there are any indicators of impairment. If any such indication exists, the recoverable amount (higher of an asset's fair value less costs to sell and value in use) of the asset is estimated to determine the extent of any impairment loss. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the consolidated statement of income (loss). Assets are stated at cost less accumulated amortisation and any recognised impairment.

The estimated useful lives, residual values and amortisation methods are reviewed annually, with the effect of any changes in estimate accounted for on a prospective basis. Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Property, plant and equipment

Property, plant and equipment is initially recorded at cost. Depreciation is provided on all property, plant and equipment to write off the cost, less any residual value, on a straight-line basis over the expected useful economic lives of the assets concerned by applying the following annual rates:

Leasehold improvements - Over the remaining term of the lease
Fixtures & fittings - 3 years straight-line
Office and computer equipment - 3 years straight-line

At each reporting date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the asset's carrying amount is greater than its estimated recoverable amount, an asset's carrying amount is written down immediately to its recoverable amount (higher of an asset's fair value less costs to sell and value in use). Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the consolidated statement of income (loss).

2 Summary of significant accounting policies (continued)

Leases

These accounting policies are applied on and after the initial application date of IFRS 16, 1 January 2019.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories).

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. The Group believe that the incremental borrowing rate is a fair estimation for the funds required to obtain an asset of similar value in the economic environment. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Trade payables

Trade payables comprise obligations to pay suppliers for goods and services used in the ordinary course of business and money transfers not yet disbursed to the intended recipient. Trade payables are classified as current liabilities if settlement is due within one year or less. If not, they are presented as non-current liabilities.

2 Summary of significant accounting policies (continued)

Foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Pounds Sterling.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement to year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income (loss).

(c) Group subsidiaries
The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each reporting date presented are translated at the closing rate at the date of the reporting period end date,
(ii) income and expenses items are translated at average exchange rates (unless the average 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 rate on the dates of the transactions),
(iii) all resulting exchange adjustments are recognised in other comprehensive income (loss).

On consolidation, exchange adjustments arising from the translation of local currency assets and liabilities are taken to other comprehensive income (loss).

Convertible loans

Where the convertible loan notes ("CLN") meets the fixed for fixed criteria set forth in IAS 32, it is accounted for as a compound financial instrument. The proceeds received from issuance of the CLN are allocated to their liability and equity components and are presented separately in the consolidated statement of financial position, within borrowings and other reserves, respectively. The amount initially attributable to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert into equity. The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited to an equity reserve and is not subsequently re-measured. Each period, the liability component is re-measured, discounting for current market conditions, the liability is subsequently recognised on an amortised cost basis until extinguished on conversion.

Where the CLN does not meet the fixed for fixed criteria set forth in IAS 32, the proceeds received from issuance of the CLN are allocated to the fair value of their embedded derivative components, with the residual value being assigned to the debt host liability component. The derivative liability and debt host liability components, are recognised and presented separately in the consolidated statement of financial position, within borrowings and other financial liabilities, respectively. The embedded derivative liability components are recognised at fair value through profit and loss and are subsequently re-measured at fair value at each reporting date, until extinguishment on conversion. The debt host liability is subsequently recognised on an amortised cost basis, until extinguishment on conversion.

2 Summary of significant accounting policies (continued)

Long-term loans with warrants

The fair value of the warrants issued as a condition of the long-term loans is determined using the Black-Scholes model. Inputs are based on market and Group conditions at the time of issuance of the debt component. The loans are assessed to determine if they shall be presented as debt, equity or a combination of both. All loans are determined to be debt as of 31 December 2019. If it is determined that the loan is a compound financial instrument, the fair value of the equity portion is recorded to other reserves with the remainder of the proceeds being recorded as a liability at its discounted value. There were no compound financial instruments recognised in the year ended 31 December 2019. Issue costs are recorded as a deduction of the fair value of the long-term loan and together with finance costs are charged to the consolidated statement of income (loss) over the term of the borrowings.

If the number of shares to be issued in connection with the warrants is variable, the fair value of the warrant shares is calculated at inception and recorded as a warrant liability with the remainder of the proceeds being recorded as a loan liability. Warrants are fair valued at each reporting date and the movements in fair value are recognised in the consolidated statement of income (loss). The loan liability is unwound over the term of the borrowing using the effective interest rate with the interest expense being charged to the consolidated statement of income (loss).

Shares with warrants

Warrants issued in connection with equity financing are assessed to consider whether they meet the fixed for fixed criteria set forth in IAS 32. Warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of functional currency are recognised as equity instruments. The fair value of these warrants is calculated at inception and recognised in equity. No further fair value adjustments are made in subsequent periods.

If the warrants do not satisfy the fixed for fixed criteria, they are recognised as a financial liability at their fair value at inception. All warrants are determined to be financial liabilities as of 31 December 2019. Such warrants are fair valued at each reporting date and the movements in fair value are recognised in the consolidated statement of income (loss).

Foreign exchange forward contracts

Being an international business, the Group also has assets and liabilities denominated in currencies other than our reporting currency which are subject to exchange rate risk. The Group uses forward contracts to hedge its currency risk but does not apply hedge accounting.

Tax

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

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws have been enacted or substantively enacted by the end of the reporting date.

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

2 Summary of significant accounting policies (continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income 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 income taxes assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Share-based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby the employees render services in exchange for rights over shares. The Group has both equity-settled, and cash-settled share-based payment arrangements with employees. The cost of equity settled transactions with employees is measured with reference to the fair value at the grant date. Fair value is measured using a Black-Scholes Option Pricing Model. The fair value determined at the grant date is expensed using a grading vesting method over the vesting period, based on the estimate of the number of the estimated number of shares that will eventually vest.

Cash-settled share-based payment arrangements are measured at the fair value on grant date using a Monte Carlo Option Pricing Model, and are subsequently re-measured at fair value at each reporting date until settlement, with any changes in the fair value being recorded in the consolidated statement of income (loss).

The key assumptions used in calculating the fair value of the awards are the discount rate, the Group's ordinary share price, volatility, risk-free rate of return, and expected option lives. Management performs a review of the estimate of shares expected to vest, dependent on the number of leavers.

Pension scheme arrangements

The Group operates several defined contribution pension schemes for the benefit of employees. The amount charged to the consolidated statement of income (loss) is the contribution payable by the Group in the year. Differences between contributions payable and contributions paid are shown as accruals in the consolidated statement of financial position.

Share capital

Ordinary and preferred shares are classified as equity as they relate to residual interests in the net assets of the Group after deducting all its liabilities. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation arising from past events and it is probable that an outflow of resources will be required to settle the obligation; and if the amount can be reliably measured. If the obligation cannot be reliably measured, it is classified as a contingent liability. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Cash, cash equivalents and restricted cash

Cash comprises cash on hand, petty cash funds, currencies awaiting deposit and local or foreign currency deposits in banks which can be added to or withdrawn without limitation and are immediately available for use in the current operations. The Group has direct control of these funds with no restriction on their use.

Restricted cash of £6.5m (2018: £3.6m) consists of cash in bank accounts used for safeguarding (refer to note 33).

2 Summary of significant accounting policies (continued)

Other debtors

Other debtors primarily relate to cash advances to payout partners, and cash due from third party acquirers.

Cash advances to payout partners relates to amounts due from prefunded correspondent partners and amounts due from acquirers for services performed in the ordinary course of business.

Cash due from third party acquirers include cash in transit where control is not evident at a period end as there is no confirmation from acquirers that they have physically transferred the funds.

Employee Benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. Employee benefits include:

(i) ***Short term employee benefits.*** The Group recognises the undiscounted amount of short-term employee benefits as an expense or liability (accrued expense).
(ii) ***Defined contribution plans.*** Expense/liability recognised when the employee has rendered the service. Contributions that are payable more than 12 months after the end of the period to which they relate, discounted using the rate specified in IAS 19 paragraph 52
(iii) ***Termination benefits.*** Termination benefits recognised as a liability and expense when, and only when, the entity is committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer to encourage voluntary redundancy.

Financial Instruments

The financial instrument is any contract that gives rise to a financial asset of any entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit and loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cashflow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through Other Comprehensive Income (OCI), it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Subsequent Measurement

For the purposes of subsequent measurement, financial assets are classified into the following categories:

- Financial assets at amortised cost (debt instrument)
- Financial assets at fair value through profit and loss

2 Summary of significant accounting policies (continued)

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets that are amortised cost are subsequently measure using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's cash and cash equivalents, trade and substantially all other receivables fall into the category of financial assets.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit and loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading of they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivates, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cashflows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income.

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

2 Summary of significant accounting policies (continued)

Financial liabilities at fair value through profit or loss (FVPL)

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading as recognised in the statement of profit or loss

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income. This category applies to Group's interest-bearing loans and borrowings.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset.

Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

3 Critical accounting judgements and key sources of estimation uncertainty

In application of the Group's accounting policies, management are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Key judgements below provide an overview of the areas that involved a higher degree of judgement or complexity. These items are more likely to be materially adjusted due to estimates and assumptions being incorrect. Detailed information about each of these judgements and estimates are included in other notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Key judgement

Going concern
The directors have adopted the going concern basis in preparing these financial statements as disclosed in Note 2 Basis of Preparation. Note 2 outlines the related events or conditions that may cast significant doubt about the Group's ability to continue as a going concern as there is a material uncertainty about the entity's ability to continue as a going concern.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) *Intangible assets*
Where the capitalisation of costs are based on projected future economic benefits, the Group tests whether internally generated software and website development costs (i.e. research and development) have suffered any impairment, following a triggering event. This is done in accordance with the accounting policy stated in note 2. The calculation of the recoverable amount may require the use of estimates including forecasts for discounted cash flows.

(b) *Share-based payments and warrants*
The Group has used the Black-Scholes and Monte Carlo valuation models to determine the fair value of share-based payments and warrants attached to the long-term loans and equity. Any changes to exit date, volatility, fair value of the shares, and other assumptions made by management will impact the valuation. The expected price volatility is based on the historic volatility of comparable companies (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(c) *Income tax credits*
The Group capitalises intangible assets related to website and software research and development. See note 2 for capitalisation policy on intangible assets. The Group is eligible and has applied for the UK research and development credits for years 2013 to present. For applications not yet filed or received, the Group estimates the probability and amount expected to be received and includes this in the consolidated statement of income (loss).

4 Financial instruments

The Group holds the following financial instruments (in millions):

	31 December 2019	31 December 2018 (restated)
Financial assets at amortised cost	**£**	**£**
Deposits	2.4	2.4
Cash advances to payout partners and other debtors	56.4	23.7
Cash due from third party acquirers	15.2	14.4
Cash & Cash Equivalents	82.7	25.1
Restricted cash	6.5	3.6
	163.2	**69.2**
Financial liabilities at amortised cost		
Trade payables	0.7	1.8
Payout liability	8.3	6.3
Provisions	1.6	0.2
Accruals and other payables	30.9	13.1
Short term and long term loans, including accrued interest	26.8	57.4
Lease liabilities	11.0	-
	79.3	**78.8**
Derivative Financial Instruments liabilities at fair value through profit and loss (FVTPL)		
Warrants	1.8	2.0
Foreign Exchange forward contracts	0.2	-
	2.0	**2.0**

Deposits include long-term deposits on the Group's leased premises in the United Kingdom. They are repayable upon termination of the leases which are expected to occur more than 12 months after 31 December 2019. Deposits classified as current are expected to be repayable in less than 12 months after 31 December 2019.

There were no transfers between levels 1, 2 or 3 of the fair value hierarchy for recurring fair value measurements during the year. Warrants (note 22) are classified as Level 3 and Foreign exchange forward contracts are classified as Level 2 in the fair value hierarchy.

5 Financial risk management

In the course of business, the Group is exposed to a variety of financial risks such as credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk) which could affect the Group's future financial performance. The Group's overall risk management programme focuses on operational complexities and credit risk, seeking to minimise potential adverse effects on the Group's financial performance utilising operational policies and procedures.

Risk management is led by senior management who decide on treasury policies to manage the main financial risks.

(a) 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 and arises principally from the Group's cash and cash equivalents held in banks and prefunded receivables, cash due from third party acquirers, cash advances to payout partners and other debtors.

Credit risk is managed on Group level and arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, if there is no independent credit rating, the Group assesses the credit quality of the partner, by taking into account its financial position, past experience and other

5 Financial risk management (continued)

factors. The Group has implemented certain operational processes and policies to address the Group's credit risks arising from transactional bad debt and use of third parties to process Group funds.

Transactional bad debt risk is managed by transactional controls and regular monitoring and reporting. The Group has implemented fraud and compliance checks that include appropriate credit checks on specific potential customers before the customer can effectively transact on the platform. Additionally, transactions for new customers are often held until cleared funds have been received.

Third party processor risk is managed by selecting and working with appropriate third parties for both the send and receive sides of the transaction coupled with a high focus on compliance and strong operational controls. Customer funds are initially remitted by the customer to third party payment processors - usually banks or card payment processors - before being transferred to the Group's own bank accounts. These payment processor relationships are well established and subject to contracts. Credit ratings for third party payment processors are regularly evaluated and the related credit risk is mitigated by daily clearance of balances and utilisation of many established industry partners. Accordingly, these balances are considered to have a very low risk of impairment.

To enable instantaneous payout to recipients the Group prefunds many of its receive country partners. Partners are required to comply with Group conditions before the Group prefunds them or utilises their services to pay recipients. The credit risk associated with these partners is regularly assessed by management and the related credit risk is mitigated by matching the level of funds held at these partners with the expected requirement over the following 24 - 48 hours and utilising established industry partners wherever possible. Accordingly, these partner balances are considered to have a low risk of impairment.

Impairment
The Group has the following types of financial assets that are subject to the expected credit loss model:

- Cash advances to payout partners and other debtors
- Cash due from third party acquirers
- Cash and cash equivalents
- Deposits

The Group applies IFRS 9 to measure expected credit losses which uses a lifetime expected loss allowance for all financial assets measured at amortised cost. The expected loss rates are based on the payment profiles of individual payment processors and partners over a period of 24 months before 31 December 2019 and the corresponding historical credit losses experienced within this period. As the lifetime of these receivables is very short there are no adjustments for forward-looking information as receivables are agreed and settled within a month. The carrying amount is reduced through the use of an allowance account with the loss being recognised in the consolidated statement of income (loss).

The loss allowance as at 31 December 2019 was determined as follows for cash advances to payout partners and other debtors (in millions):

Group	**31 December 2019**	**31 December 2018 (restated)**
Expected credit loss rate	0.1%	0.8%
Gross carrying amount	£56.5	£23.9
Loss allowance	**£0.1**	**£0.2**

5 Financial risk management (continued)

Company	**31 December 2019**	**31 December 2018 (restated)**
Expected credit loss rate	0.1%	0.8%
Gross carrying amount	£55.6	£23.8
Loss allowance	**£0.1**	**£0.2**

The loss allowance as at 31 December 2019 was determined as follows for cash due from third party acquirers (in millions):

Group	**31 December 2019**	**31 December 2018 (restated)**
Expected credit loss rate	1.8%	1.0%
Gross carrying amount	£15.4	£14.5
Loss allowance	**£0.2**	**£0.1**

Company	**31 December 2019**	**31 December 2018 (restated)**
Expected credit loss rate	2.0%	0.8%
Gross carrying amount	£2.7	£6.6
Loss allowance	**£0.1**	**-**

The identified losses for receivables from deposits were immaterial thus are not included in the financial statements.

The maximum exposure to credit risk by class of financial assets is as follows (in millions):

	Group		**Company**	
	31 December 2019	**31 December 2018 (restated)**	**31 December 2019**	**31 December 2018 (restated)**
	£	**£**	**£**	**£**
Cash advances to payout partners and other debtors	56.4	23.7	55.5	23.6
Cash due from third party acquirers	15.2	14.4	2.6	6.6
Cash, cash equivalent and restricted cash	89.2	28.7	75.3	18.0
Total	**160.8**	**66.8**	**133.4**	**48.2**

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

The credit ratings of the Group's principal banking partners at 31 December 2019 are as follows (in millions):

5 Financial risk management (continued)

Group	Group 31 December 2019	Group 31 December 2018 (restated)	Company 31 December 2019	Company 31 December 2018 (restated)
	£	£	£	£
A+, A, A-, AA-	86.1	27.4	74.0	18.0
B-BBB-	2.2	0.4	1.2	-
No rating	0.9	0.9	0.1	-
Total cash, cash equivalents and restricted cash	**89.2**	**28.7**	**75.3**	**18.0**

No rating consists of all payment solution providers, which have no ratings and where credit risk is managed by maintaining a spread of the Group's funds across a number of industry-established non-banking service providers.

(b) Liquidity risk

Liquidity risk arises from the dynamic business profile and growth of the business. Prudent liquidity management includes maintaining sufficient cash reserves and working capital facilities to facilitate this profile and growth. Cash flow is monitored daily and forecasting is used to manage the projected business growth.

The Group finance function monitors rolling forecasts of the liquidity requirements on a daily basis to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its working capital financing facilities at all times so that the Group maintains all necessary covenants and requirements. The Group also has additional working capital financing facilities at period end available for use.

At the reporting date, the Group held cash, cash equivalents and restricted cash in excess of customer commitments of £80.9m (2018 restated: £22.4m). The Group continually assesses the credit quality of its holdings with these banks on an ongoing basis and maintains a spread of cash across a number of established banking partners. The Group did not incur any losses during 2019 as a result of banking failures.

Maturity Analysis

The table below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities.

The table below shows a maturity analysis of undiscounted cash flows, showing items at the earliest date on which the Group could be required to pay the liability (in millions).

Group 2019 Non-derivatives	Within 1 year	Between 1 and 5 years	After more than 5 years	Total
	£	£	£	£
Trade payables	0.7	-	-	0.7
Payout liability	8.3	-	-	8.3
Short term loans	26.6	-	-	26.6
Provisions	1.6	-	-	1.6
Accrued interest on loans	0.1	-	-	0.1
Accruals and other payables	31.1	-	-	31.1
Convertible loan	-	0.2	-	0.2
Lease liabilities	1.8	8.5	0.7	11.0
	70.2	**8.7**	**0.7**	**79.6**
Derivatives				
Foreign exchange forward contracts	0.2	-	-	0.2
Warrants	-	1.8	-	1.8
	0.2	**1.8**	**-**	**2.0**

5 Financial risk management (continued)

Group **2018 (restated)** **Non-derivatives**	**Within 1 year**	**Between 1 and 5 years**	**After more than 5 years**	**Total**
	£	**£**	**£**	**£**
Trade payables	1.8	-	-	1.8
Payout liability	6.3	-	-	6.3
Short term loans	28.0	-	-	28.0
Long term loans	11.8	18.4	-	30.2
Accrued interest on loans	1.3	-	-	1.3
Accruals and other payables	13.1	-	-	13.1
Convertible loan	-	1.7	-	1.7
	62.3	**20.1**	**-**	**82.4**
Derivatives				
Warrants	-	2.0	-	2.0
	-	**2.0**	**-**	**2.0**

(c) Market Risk

Foreign exchange risk
The Group delivers customer remittances from send currency in the send country to the receive currency in the receive country. In the vast majority of cases, the recipient pay-out occurs within a day of sending. In order to enable payment in the receive currency, the Group prefunds many correspondent partners typically 24 to 48 hours in advance in accordance with expected volumes. The Group prefunds those correspondents using its cash balances and working capital facilities from third parties. The Group is exposed to exchange risk during this process which is mitigated through speed of delivery between send and receive, efficient forecasting and regular conversion of send currencies into expected receive currencies.

Being an international business, the Group also has assets and liabilities denominated in currencies other than our reporting currency which are subject to exchange rate risk. The Group uses forward contracts to hedge its currency risk but does not apply hedge accounting. Below is the list of the balances by region for cash and cash equivalents, cash advances to payout partners and other debtors, and cash due from third party acquirers as at period-end. All other variables constant, if UK sterling had weakened/strengthened against held currencies by +/- 1%, cash and cash equivalents available would be impacted by £0.7m (2018 restated: £0.2m) for the Group, cash advances to payout partners would be impacted by £0.3m (2018 restated: £0.2m), and cash due from third party acquirers would be impacted by £0.1m (2018 restated: £0.1m).

5 Financial risk management (continued)

Group	31 December 2019	1% change 2019	31 December 2018 (restated)	1% change 2018 (restated)
	£	£	£	£
Cash advances to payout partners and other debtors by region (in millions)				
Europe, the Middle East and Africa	22.0	0.1	8.8	0.1
Other	34.4	0.2	14.9	0.1
Total	**56.4**	**0.3**	**23.7**	**0.2**

Group	31 December 2019	1% change 2019	31 December 2018	1% change 2018 (restated)
Cash due from third party acquirers by region (in millions)	£	£	£	£
Europe, the Middle East and Africa	6.8	0.1	6.3	-
Other	8.4	-	8.1	0.1
Total	**15.2**	**0.1**	**14.4**	**0.1**

Group	31 December 2019	1% change 2019	31 December 2018 (restated)	1% change 2018 (restated)
Cash by region (in millions)	£	£	£	£
Europe, the Middle East and Africa	67.4	0.6	12.9	0.1
Other	21.8	0.1	15.8	0.1
Total	**89.2**	**0.7**	**28.7**	**0.2**

Interest rate risk
Changes in interest rates will affect the Group's obligation for borrowings and the associated interest charge in the profit/loss for the year. The Group currently does not use derivatives to hedge interest rate exposure.

At 31 December 2019 the Group had £26.5m of interest-bearing borrowings which were tied to the Wall Street Journal (WSJ) Prime Rate. The current variable rate as of 31 December 2019 was 4.75% (2018: 5.5%). All other variables constant, a change in the WSJ rate of +/- 1%, the net loss for the Group and Group would be impacted by approximately £0.27m.

Capital risk management
The Group manages its capital to ensure that all subsidiaries in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity shareholders in the parent, comprising issued capital, reserves and accumulated losses. The Group's total liabilities to equity ratio (calculated as total liabilities divided by total equity) is 0.77 as at 31 December 2019, from 19.26 as at 31 December 2018 (restated). The debt is primarily used to finance expansion and fund working capital. The Group has met all necessary debt covenants as at year-end. Currently, the Group does not pay any dividends.

6. Loss Per Share *(in millions except for share and per share amounts)*

Loss per share is calculated by dividing the profit or loss for the period attributable to equity holders of the Group by the weighted average numbers of ordinary and preference shares outstanding during the period.

EPS	31 December 2019 £	31 December 2018 (restated) £
Loss for the period attributable to equity holders	(47.8)	(45.6)
weighted average number of shares outstanding	28,830,932	26,628,800
Basic and Diluted Loss per share (£)	**(1.66)**	**(1.71)**

No adjustment has been made to the basic loss per share for dilutive shares in the year ended 31 December 2019, as the exercise of share options would have the effect of reducing the loss per ordinary share, and therefore is not dilutive. Potentially dilutive ordinary shares relate to contingently issuable shares arising under the Group's Executive Incentive Plan.

7. Revenue

The Group's principal activities are the provision of digital, international money transfer services. Operating segments are reported in a manner consistent with the internal reporting of a Group to the Chief Operating Decision Maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments. The CODM has been identified as the Chief Executive Officer ("CEO"). Given the Group is primarily engaged in a single business activity, the provision of digital international money transfer services, there is one operating segment identified as WorldRemit. As there is only one operating segment there is therefore one single reportable segment.

The CEO regularly reviews the consolidated position of the Group at revenue level for the purpose of evaluating business performance and allocating resources, along with the review of consolidated non-financial KPIs such as activations, average transaction value ("ATV") and Monthly Transacting Users ("MTUs"). Revenues are attributed based on the send country, which is where the transacting user is based. The Group has no single customer representing 10% or more of the consolidated revenues.

The Group has a central treasury function based in the United Kingdom who is responsible for managing foreign exchange. Related revenues to this function represent foreign exchange margins which are generated in the United Kingdom.

The Group's revenue stream is Money Transfer. Set out below is the disaggregation of the Group's revenue by geographical market, based on where the service requests originated from (in millions):

Net Revenue	31 December 2019 £	31 December 2018 (restated) £
United Kingdom	81.8	62.7
United States of America	17.8	14.4
Rest of World	22.6	8.7
Total	**122.2**	**85.8**

7. Revenue (continued)

The disaggregated revenue in the table below shows money transfer fees and foreign exchange margins by region based on the send country, which is where the transactions originate from (in millions):

	31 December 2019	31 December 2018 (restated)
	£	£
Europe, the Middle East and Africa	57.2	62.7
North America	41.3	14.4
Asia Pacific	23.7	8.7
Total	**122.2**	**85.8**

8. Expenses by Nature (in millions)

Group	31 December 2019	31 December 2018 (restated)
	£	£
Direct costs	45.6	35.7
Administrative expenses		
Depreciation of property, plant and equipment	1.4	0.9
Depreciation of ROU asset	1.6	-
Amortisation of intangible assets	3.7	8.6
Impairment of intangible assets	-	0.7
Utilities and other office costs	2.3	3.7
Net foreign exchange loss	0.8	-
Employee expense including share-based payments	40.6	27.7
Research and development expenses (staff costs)	4.5	3.8
Marketing and communications	28.6	20.8
IT and related costs	8.2	5.1
Consultancy fees	6.8	6.8
Professional fees	6.3	3.0
Irrecoverable VAT	4.6	4.1
Other costs	6.5	4.6
Total administrative expenses	**115.9**	**89.8**
Total cost of sales and administrative expenses	**161.5**	**125.5**

NOTES TO THE FINANCIAL STATEMENTS

9. Auditors' remuneration (in millions)

	31 December 2019	31 December 2018
	£	£
Fees payable to the Company's auditors for the audit of the parent Company and consolidated financial statements	0.6	0.1
Fees payable to the Company's auditors for other services:		
Audit of the Company's subsidiaries	0.2	0.1
Tax advisory services	0.1	0.2
Tax compliance services	0.1	-
Total	**1.0**	**0.4**

10. Finance costs (in millions)

	31 December 2019	31 December 2018
	£	£
Convertible loan interest	2.1	0.3
Long term loan interest	1.7	3.7
Short term loan interest	0.8	0.7
Other finance costs	2.6	1.5
Interest on lease liabilities	0.9	-
Interest expense on TPC loan	0.7	-
Total finance costs	**8.8**	**6.2**

11. Staff costs

Employee costs during the year (including directors in millions):

Group

	31 December 2019	31 December 2018
	£	£
Wages and salaries	29.1	25.1
Share-based payments	10.3	3.7
Social security costs	4.6	2.1
Other pension costs	1.1	0.6
Total	**45.1**	**31.5**

The following table shows the average monthly number of people employed by the Group (including directors) during the year, analysed by category:

	31 December 2019	31 December 2018
	No.	No.
Operational	613	455
Support	220	160
Total	**833**	**615**

12. Director's emoluments

Group and Company (in millions)

	31 December 2019	31 December 2018
	£	£
Aggregate emoluments	1.2	0.5
	1.2	**0.5**

Highest paid director	31 December 2019	31 December 2018
	£	£
Aggregate emoluments	0.8	0.2
	0.8	**0.2**

Please refer to note 34 for disclosures on key management personnel compensation.

13. Pension and other schemes

The Group operates defined contribution schemes for which the pension costs for the year amounted to £1.1m (2018: £0.6m). As at 31 December 2019, £0.3m (2018: £0.1m) has been included in the Group's trade and other payables for contributions to be paid over.

The Company's portion of the pension cost for the year amounted to £0.6m (2018: £0.4m). As at 31 December 2019, £0.2m (2018: £0.1m) has been included in the Company's trade and other payables for contributions to be paid over.

14. Income tax

Group

(a) Income tax credit (in millions)	31 December 2019	31 December 2018 (restated)
	£	£
Current taxation		
Current tax credit for the year	-	0.4
Adjustments for current tax of prior periods	-	(0.1)
Total tax credit	**-**	**0.3**
Deferred taxation		
Increase in deferred tax assets	0.1	-
Total deferred income tax benefit	**0.1**	**-**
Income tax credit	**0.1**	**0.3**

No liability to UK corporation tax arose on ordinary activities in 2019 due to tax losses incurred during the year (2018: nil). Overseas tax is calculated based on net profit in the entities and the local tax statutory rules and rates.

(b) Reconciliation of the total tax charge (in millions)

The tax charge reported in the consolidated statement of income (loss) for the year is different to the standard rate of Corporation Tax in the UK of 19.00% in 2019 (19.00% in 2018). The differences are reconciled below (in millions).

14. Income tax (continued)

	31 December 2019 £	31 December 2018 (restated) £
Loss before income tax	(47.9)	(45.9)
Accounting profit multiplied by the UK standard corporation tax of 19.0%	9.1	8.7
Deductible temporary differences for which no deferred tax asset is recognised	(9.7)	(9.1)
Tax relief from research & development	0.6	0.8
Difference in overseas tax rates	0.1	(0.1)
Expenses not deductible for tax purposes	(0.1)	-
Tax effect of utilisation of tax losses not previously recognised and Group relief	0.1	0.1
Prior year adjustment	-	(0.1)
Total tax credit	**0.1**	**0.3**

(c) Deferred tax

	31 December 2019 £	31 December 2018 (restated) £
Temporary differences to be recovered within 12 months	0.1	0.1
Temporary differences to be recovered after 12 months	0.1	-
Total deferred tax assets	**0.2**	**0.1**

At 31 December 2019, the Group had temporary differences and unused losses on which deferred tax have not been recognised amounting to £145.4m (2018 (restated): £94.1m). Of this, other temporary differences on which deferred tax asset has not been recognised amounts to £18.2m (2018: £nil) and unused tax losses amounting to £127.2m (2018 (restated): £94.1m) on which deferred tax has not been recognised.

Fiscal year	Expected rate	Unused tax losses	Other temporary differences	Total
2019	17%	21.6	3.1	24.7
2018	19%	17.9	-	17.9

Factors affecting future tax charge

The Finance Act 2016 provides that the corporation tax rate will reduce from 19% to 17% from 1 April 2020. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020.

If the substantively enacted rate as of 31 December 2019 had been 19%, the estimated unrecognised deferred tax asset would have been £27.6m. Out of this, the estimated unrecognised deferred tax asset in respect of total temporary differences would have been £3.4m and the estimated unrecognised deferred tax asset in respect of unused tax losses would have been £24.2m.

Company

There was minimal deferred tax asset in 2019 (2018: nil). At 31 December 2019, the Company had unused losses amounting to £127.1m (2018 (restated): £93.8m).

15. Intangible assets (in millions)

Group	Money transfer software and website	Other software	Licenses	Total
	£	£	£	£
Cost				
At 1 January 2018	**15.4**	**1.2**	**0.7**	**17.3**
Additions	4.1	-	-	4.1
At 31 December 2018	**19.5**	**1.2**	**0.7**	**21.4**
Additions	4.2	0.1	0.1	4.4
As at 31 December 2019	**23.7**	**1.3**	**0.8**	**25.8**
Accumulated amortisation and foreign exchange				
At 1 January 2018	**4.6**	**0.8**	**0.3**	**5.7**
Charges for the year	8.2	0.2	0.2	8.6
Impairment	0.7	-	-	0.7
At 31 December 2018	**13.5**	**1.0**	**0.5**	**15.0**
Charges for the year	3.5	0.1	0.1	3.7
As at 31 December 2019	**17.0**	**1.1**	**0.6**	**18.7**
Net book value				
At 31 December 2019	**6.7**	**0.2**	**0.2**	**7.1**
At 31 December 2018	**6.0**	**0.2**	**0.2**	**6.4**

Company	Money transfer software and website	Other software	Licences	Total
	£	£	£	£
Cost				
At 1 January 2018	**15.4**	**1.1**	**0.2**	**16.7**
Additions	4.1	-	-	4.1
At 31 December 2018	**19.5**	**1.1**	**0.2**	**20.8**
Additions	4.2	0.1	0.1	4.4
At 31 December 2019	**23.7**	**1.2**	**0.3**	**25.2**
Accumulated amortisation and foreign exchange				
At 1 January 2018	**4.6**	**0.8**	**-**	**5.4**
Charges for the year	8.2	0.2	0.1	8.5
Impairment	0.6	-	-	0.6
At 31 December 2018	**13.4**	**1.0**	0.1	**14.5**
Charges for the year	3.5	0.1	0.1	3.7
At 31 December 2019	**16.9**	**1.1**	**0.2**	**18.2**
Net book value				
At 31 December 2019	**6.8**	**0.1**	**0.1**	**7.0**
At 31 December 2018	**6.1**	**0.1**	**0.1**	**6.3**

16. Property, plant and equipment (in millions)

Group	Office equipment	Computers	Leasehold improvements	Fixtures & fittings	Total
	£	£	£	£	£
Cost					
At 1 January 2018	**0.4**	**1.3**	**1.7**	**0.4**	**3.8**
Additions	0.2	0.6	1.1	1.3	3.2
Reclassifications	-	-	0.3	(0.3)	-
At 31 December 2018	**0.6**	**1.9**	**3.1**	**1.4**	**7.0**
Additions	0.2	1.1	0.2	-	1.5
As at 31 December 2019	**0.8**	**3.0**	**3.3**	**1.4**	**8.5**
Accumulated depreciation and foreign exchange					
At 1 January 2018	**0.3**	**0.8**	**0.5**	**0.1**	**1.7**
Charges for the year	0.1	0.4	0.2	0.2	0.9
At 31 December 2018	**0.4**	**1.2**	**0.7**	**0.3**	**2.6**
Charges for the year	0.1	0.5	0.5	0.3	1.4
Foreign exchange	-	-	-	0.1	0.1
As at 31 December 2019	**0.5**	**1.7**	**1.2**	**0.7**	**4.1**
Net book value					
At 31 December 2019	**0.3**	**1.3**	**2.1**	**0.7**	**4.4**
At 31 December 2018	**0.2**	**0.7**	**2.4**	**1.1**	**4.4**

Company	Office equipment	Computers	Leasehold improvements	Fixtures & fittings	Total
	£	£	£	£	£
Cost					
At 1 January 2018	**0.1**	**1.0**	**1.5**	**0.4**	**3.0**
Additions	0.1	0.3	-	0.3	0.7
Reclassifications	-	-	0.3	(0.3)	-
At 1 January 2019	**0.2**	**1.3**	**1.8**	**0.4**	**3.7**
Additions	-	0.8	0.1	-	0.9
At 31 December 2019	**0.2**	**2.1**	**1.9**	**0.4**	**4.6**
Accumulated depreciation and foreign exchange					
At 1 January 2018	**0.1**	**0.6**	**0.3**	0.1	**1.1**
Charges for the year	0.1	0.3	0.2	0.1	0.7
At 1 January 2019	**0.2**	**0.9**	**0.5**	**0.2**	**1.8**
Charges for the year	-	0.3	0.3	0.1	0.7
Foreign exchange	-	-	(0.1)	0.1	-
At 31 December 2019	**0.2**	**1.2**	**0.7**	**0.4**	**2.5**
Net book value					
At 31 December 2019	**-**	**0.9**	**1.2**	**-**	**2.1**
At 31 December 2018	**-**	**0.4**	**1.3**	**0.2**	**1.9**

17. Right of use assets (in millions)

	Group	Company
	£	£
Cost		
At 1 January 2019	**8.5**	**6.5**
Additions during the year	1.3	-
At 31 December 2019	**9.8**	**6.5**
Accumulated depreciation		
Charges for the year	1.6	1.0
At 31 December 2019	**1.6**	**1.0**
Net book value		
At 31 December 2019	**8.2**	**5.5**

18. Investments in subsidiaries (in millions)

Shares in Group undertakings:

	31 December 2019	31 December 2018
Company	£	£
At 1 January	5.2	3.7
Additions	1.8	1.5
Net book value	**7.0**	**5.2**

In January 2019, WorldRemit Belgium. issued 1,446 ordinary shares to WorldRemit LTD. The shares were credited as fully paid up at EUR 1,300 per ordinary share (£1.6m total), with the share register amended accordingly.

In January 2019, WorldRemit Digital Services Corp. issued 11.2 ordinary shares to WorldRemit LTD. The shares were credited as fully paid up at PHP 1 per ordinary share (£0.2m total), with the share register amended accordingly.

In May 2019, WorldRemit West Inc. issued 40,000 ordinary shares to WorldRemit LTD. The shares were credited as fully paid up at C$ 1 per ordinary share (£23k total), with the share register amended accordingly.

In May 2019, WorldRemit Central Inc. issued 40,000 ordinary shares to WorldRemit LTD. The shares were credited as fully paid up at C$ 1 per ordinary share (£23k total), with the share register amended accordingly.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

18. Investments in subsidiaries (in millions) (continued)

The Company holds the entire issued share capital of the following companies either directly or indirectly:

Name of subsidiary	Principal activity	Registered office and country of incorporation	Proportion of ownership interest and voting rights held
WorldRemit Corp.	Money transfer	600 17th Street, Suite 200S, Denver, CO 80202 United States of America	100%
WorldRemit Pty Ltd.	Money transfer	Level 16, 1-7 Castlereagh Street, Sydney, NSW 2000 Australia	100%
WorldRemit Inc	Money transfer	1000 rue de la Gauchetiere Ouest, Suite 2400, 24th floor, Montreal, QC, H3B 4W5 Canada	100%
WorldRemit (Hong Kong) Ltd.	Money transfer	Wilson House 1001-2, 19 Wyndham Street, Central Hong Kong	100%
WorldRemit (New Zealand) Ltd.	Money transfer	PFK Goldsmith Fox, Level 1, 100 Moorhouse Avenue, Christchurch, 8011 New Zealand	100%
WorldRemit (Singapore) Pte Ltd.	Money transfer	16 Raffles Quay, #33-03, Hong Leong Building, 048581 Singapore	100%
WorldRemit (Malaysia) SDN BHD.	Money transfer	Suite 3A. 3A Plaza Damas, No.60 Jalan Sri Hartamas 1, KL 50480 Malaysia	100%
WorldRemit South Africa Pty Ltd.	Money transfer	35 Fricker Road, Illovo, Sandton, Johannesburg, 2196 South Africa	100%
WorldRemit (Somaliland) Ltd.	Money transfer	Nour Hawse Plaza Building, 26 June District Duriya Village Somaliland	100%
WorldRemit Service Company Ltd.	Business Services	62 Buckingham Gate, London, SW1E 6AJ United Kingdom	100%

18. Investments in subsidiaries (in millions) (continued)

Name of subsidiary	Principal activity	Registered office and country of incorporation	Proportion of ownership interest and voting rights held
WorldRemit Money Transfer (Uganda) Ltd.	Money transfer	3rd Floor, DTB Centre, Plot 17/19 Kampala Road PO Box 7166 Uganda	100%
WorldRemit (Rwanda) Ltd.	Money transfer	Kacyiru, Gasabo, Umujyi was Kigali PO Box 6571 Rwanda	100%
WorldRemit Money Transfer (Kenya) Ltd.	Money transfer	Vienna Court, State House Crescent Road Kenya	100%
WorldRemit (Zimbabwe) (Private) Ltd.	Money transfer	6th Floor, Goldbridge, Eastgate, Sam Nujoma Street, Harare Zimbabwe	100%
WorldRemit (Tanzania) Ltd.	Money transfer	2nd Floor, The Luminary, Cnr Haile Selassie and Chloe Roads, Masaki, Dar es Salaam Tanzania	100%
WorldRemit Belgium SA	Money transfer	1060 Saint-Gilles, Place Marcel Broodthaers 8, Brussels Belgium	100%
WorldRemit West Inc	Money transfer	2, Bloor Street, W Suite 700, Toronto, ON, M4W 3E2 Canada	100%
WorldRemit Central Inc	Money transfer	2, Bloor Street, W Suite 700, Toronto, ON, M4W 3E2 Canada	100%
WorldRemit Digital Services Corp.	Money transfer	406 Keppel Center, Cardinal Rosales Av., cor. Samar Loop, Cebu Business Park, Luz, Cebu City (Capital), Region VII, Cebu Philippines	100%

All subsidiary undertakings have been included in the consolidated financial statements.

In addition to the subsidiaries above, the Company has a branch registered in Japan, while another Group entity has branches registered in Philippines and Poland.

WorldRemit Service Company Ltd., registered number 11190347, has taken advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 December 2019. The Company has issued a guarantee pursuant to s479C of the Companies Act 2006 in relation to the liabilities of WorldRemit Service Company Ltd.

19. Cash used in Operations (in millions)

	31 December 2019 £	31 December 2018 (restated) £
Loss before tax	(47.9)	(45.9)
Adjustments:		
Depreciation, amortisation and impairment	6.7	10.2
Share-based payments	10.3	3.7
Finance costs	8.8	6.2
Fair value movement of derivatives	0.2	-
Net exchange differences	(0.6)	-
Increase in other receivables	(31.5)	(6.7)
Increase in trade and other payables	17.9	0.1
Increase in restricted cash	(2.9)	(1.2)
Interest paid	(6.7)	(6.2)
Income tax paid	(1.1)	1.1
Net cash outflows from operating activities	**(46.8)**	**(38.7)**

20. Other receivables (in millions)

Group

	31 December 2019	31 December 2018 (restated)
Other receivables	£	£
Deposits	1.0	1.0
Prepayments	2.5	4.4
Cash advances to payout partners and other debtors (net allowance)	56.4	23.7
Cash due from third party acquirers (net allowance)	15.2	14.4
Income tax recoverable	1.6	0.6
Total	**76.7**	**44.1**

Company	31 December 2019	31 December 2018 (restated)
	£	£
Deposits	0.6	0.6
Prepayments	2.4	4.3
Cash advances to payout partners and other debtors (net allowance)	55.5	23.6
Cash due from third party acquirers (net allowance)	2.6	6.6
Income tax recoverable	1.7	0.6
Amounts owed by related parties	11.3	9.0
Total	**74.1**	**44.7**

Cash advances to payout partners and cash due from third party acquirers relates to services performed in the ordinary course of business. They are generally immediately due for settlement and therefore are all classified as current. Other receivables are recognised initially at the amount of consideration that is unconditional. The Group and the Company holds the other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The Group and the Company always measure the loss allowance for other receivables at an amount equal to lifetime expected credit losses. The loss allowance as at 31 December 2019 is £0.3m (2018: £0.3m) for the Group and £0.2m (2018: £0.2m) for the Company. Details about the impairment policies and the calculation of the loss allowance are provided in note 5. Other receivables are written off when there is no reasonable expectation of recovery. Due to their short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

21. Trade and other payables (in millions)

Group	**31 December 2019**	**31 December 2018 (restated)**
	£	**£**
Trade payables	0.7	1.8
Payout liability	8.3	6.3
Short term loans	26.6	28.0
Current portion of long term loan	-	11.8
Income tax liability	0.1	0.1
Accruals	21.9	13.4
Cash-settled share-based payment	-	0.2
Provision for irrecoverable VAT	0.8	-
Taxes and social security	0.8	0.6
Contract liability	0.3	0.2
Other creditors	7.4	-
Foreign exchange forward contracts	0.2	-
	67.1	**62.4**

Company	**31 December 2019**	**31 December 2018 (restated)**
	£	**£**
Trade payables	0.2	1.4
Payout liability	1.1	3.1
Short term loans	26.6	28.0
Current portion of long-term loan	-	13.1
Accruals	17.1	9.4
Cash-settled share-based payment	0.7	0.2
Provision for irrecoverable VAT	0.7	-
Taxes and social security	0.6	0.6
Contract liability	0.2	-
Other creditors	7.5	0.2
Payable owed to related parties	5.5	0.4
Foreign exchange forward contracts	0.2	-
Total	**60.4**	**56.4**

Payout liability consists of amounts due on transactions that the Group is committed to as at the year-end date and it includes £0.8m (2018: £nil) relating to customer refunds due.

Short-term loans

In December 2015, The Company entered into an agreement (the "SVB Agreement") with Silicon Valley Bank ("SVB") that provided revolving credit facilities which at 31 December 2019 were up to £26.5m (2018: £28.0m). The credit facilities have since been extended to £37.9m subsequent to the financial year end. The SVB Agreement may be drawn down at any time and is repayable not more than 45 days from the draw down date. Amounts drawn are subject to interest rate charges at an annualised rate of Wall Street Journal prime rate plus 1.65%. Any interest cost is charged to finance costs in the consolidated statement of income (loss).

22. Other Non-Current Liabilities (in millions)

Group and Company	**31 December 2019**	**31 December 2018 (restated)**
	£	**£**
Warrants	1.8	2.0
Convertible Loans	0.2	2.0
Long term loans	-	14.3
	2.0	**18.3**

Warrants

The Group has issued warrants in connection with long-term loans and as part of the Series C2 equity financing. Warrants are fair valued at each reporting date. The table below provides a reconciliation between the warrants liability as at 31 December 2018 and 31 December 2019.

	TPVG Loan		**Series C2**		**Total**	
	No. of warrants	**Amount**	**No. of warrants**	**Amount**	**No. of warrants**	**Amount**
		£		**£**		**£**
As at 1 January 2019	**0.2**	**1.6**	**0.2**	**0.4**	**0.4**	**2.0**
Issued during the year	-	-	-	-	-	-
Fair value movement	-	(0.6)	-	0.4	-	(0.2)
As at 31 December 2019	**0.2**	**1.0**	**0.2**	**0.8**	**0.4**	**1.8**

Convertible loans

In May 2013, £1.0m convertible loan notes were issued and a further £0.7m convertible loan notes were issued in October 2013, both repayable in 2017. On 2 May 2017, these loans were extended for another four years. The lender was permitted to convert all or part of the loans at any time into ordinary shares at £0.65 for the £1.0m convertible loan and £1.388 for the £0.7m convertible loan. Both parties may mutually agree to further extend the loan in 2021.

Long-term loans

The Company had an agreement (the "TPC Agreement") with Triple Point Capital ("TPC") and Triple Point Venture Growth Capital ("TPVG") that provided combined loan facilities of up to $55.0m (£43.2m). The TPC Agreement could be drawn down on tranches that were repayable not more than 36 months after drawdown and had annual interest rate charges of Wall Street Journal prime rate plus up to 9.0%. Any interest cost is charged to finance costs in the income statement. The Company had fully repaid the outstanding loan of $35.0m (£26.6m) in 2019.

NOTES TO THE FINANCIAL STATEMENTS

23. Leases

Amount recognised in the statement of financial position (in millions)

	Group		Company	
	31 December 2019	01 January 2019	31 December 2019	01 January 2019
	£	£	£	£
Right-of-use assets				
Property	8.2	8.5	5.5	6.5
Lease Liabilities				
Current	(1.8)	(1.6)	(1.2)	(1.2)
Non current	(9.2)	(9.8)	(6.8)	(8.0)
Total lease liabilities	**(11.0)**	**(11.4)**	**(8.0)**	**(9.2)**

Additions to the right-of-use assets during the 2019 financial year were £1.3m for the Group and £ nil for the Company.

Amount recognised in the consolidated statement of income (loss)
The statement of profit or loss shows the following amounts relating to leases:

	Group
	31 December 2019
	£
Depreciation charge for right of use assets	(1.6)
Interest expense (included in Finance costs)	(0.9)
Expense relating to short-term leases (included in Administrative expenses)	(0.1)

The total cash outflow for leases in 2019 was £2.5m.

24. Share capital and share premium

Share capital represents the aggregate nominal value of all Series A, Series B, Series C, Series C2 and Series D shares (together “Preference Shares”) and ordinary shares and B ordinary shares (together “Ordinary Shares”) in issue. All Preference and Ordinary Shares have a nominal value of £0.0001.

All ordinary shareholders and preference shareholders are entitled to full voting rights, full dividend rights, and no rights of redemption. On a distribution of assets on liquidation or a return of capital (other than a conversion, redemption or purchase of Shares), the surplus assets of the Group remaining after the payment of its liabilities shall be distributed in accordance with article 5 of the articles of association of the Group whereby holders of preference shares rank ahead of holders of ordinary shares but limited in value to their initial investment in those shares.

LeapFrog Investments shall only be obligated to be a party to a drag along provision should the proceeds of sale received by it be equal to or greater than a 20% internal rate of return per annum.

Share premium comprises amounts received above the nominal value of the Preference and Ordinary Shares.

24. Share capital and share premium (continued)

Below is a breakdown of the share movement (in millions):

	Number of shares	Share capital	Share premium	Total
		£	£	£
At 1 January 2018	**26.7**	**-**	**91.2**	**91.2**
Issued during the year	1.2	-	19.9	19.9
Ordinary Shares – exercise of employee stock options	0.2	-	0.1	0.1
At 31 December 2018	**28.1**	**-**	**111.2**	**111.2**
Issued during the year	10.3	-	140.5	140.5
Ordinary Shares - exercise of employee stock options	0.2	-	0.6	0.6
At 31 December 2019	**38.6**	**-**	**252.3**	**252.3**

During the year the Company issued 10.5m shares amounting to £141.1m, relating to Ordinary shares, B Ordinary shares and Series D shares. The table below provides a reconciliation of the number of shares in each class of shares (in millions):

	Ordinary shares	B Ordinary shares	Preference Shares					Total Shares	Total Share Premium
			Series A	Series B	Series C	Series C2	Series D		£
At 1 January 2018	**14.0**	-	**6.6**	**4.2**	**1.9**	-	-	**26.7**	**91.2**
Issued during the year	0.2	-	-	-	-	1.2	-	1.4	20.0
December 31, 2018	**14.2**	-	**6.6**	**4.2**	**1.9**	**1.2**	-	**28.1**	**111.2**
Conversion of MLC 50 LP Inc ("MLC") convertible loan	1.8	-	-	-	-	-	-	**1.8**	**2.6**
Conversion of convertible loan note	-	1.2	-	-	-	-	2.4	**3.6**	**60.2**
Share issuance	-	1.6	-	-	-	-	3.3	**4.9**	**77.7**
Exercise of employee stock options	0.2	-	-	-	-	-	-	**0.2**	**0.6**
At December 31, 2019	**16.2**	**2.8**	**6.6**	**4.2**	**1.9**	**1.2**	**5.7**	**38.6**	**252.3**

As at 31 December 2019 a total of 2.0m shares were authorised but not issued.

Share buyback agreements

The Group has agreements in place with various shareholders that give the Group the option to buy back up to 0.3m shares. The option to buy back the shares is contingent upon the exercise of share options by certain option holders. To date these share options have not been exercised.

25. Other Reserves (in millions)

Group	Share-based payment reserve £	Equity conversion reserve	Foreign Exchange Translation £	Total £
At 1 January 2018	**1.2**	**0.7**	**0.2**	**2.1**
Share-based payments	3.2	-	-	3.2
Foreign currency translation adjustment	-	-	0.2	0.2
Transfer of share based option	0.5	-	-	0.5
At 31 December 2018	**4.9**	**0.7**	**0.4**	**6.0**
Effect of prior year adjustments	0.3	-	-	0.3
At 31 December 2018 (restated)	**5.2**	**0.7**	**0.4**	**6.3**
Share-based payments	9.8	-	-	9.8
Equity conversion reserve release	-	(0.6)	-	(0.6)
Foreign currency translation adjustment	-	-	(0.4)	(0.4)
At 31 December 2019	**15.0**	**0.1**	**-**	**15.1**

Company	Share-based payment reserve £	Equity conversion reserve £	Total £
At 1 January 2018	**1.2**	**0.7**	**1.9**
Share-based payments	3.2	-	3.2
Transfer of share option costs	0.5	-	0.5
At 31 December 2018	**4.9**	**0.7**	**5.6**
Effect of prior year adjustments	0.3		0.3
At 31 December 2018 (restated)	**5.2**	**0.7**	**5.9**
Share-based payments	9.8	-	9.8
Equity translation reserve release	-	(0.6)	(0.6)
At 31 December 2019	**15.0**	**0.1**	**15.1**

26. Share-based payments

From 1 January 2014 to 3 March 2015, the Group operated an equity-settled share-based compensation plan established under the Enterprise Management Initiative (“EMI”), for certain Group employees under which the Group receives services from employees as consideration for equity option instruments (share options) of the Group.

As of 3 March 2015, the Group’s assets exceeded £30m, and therefore the Group was not eligible to grant options in this EMI plan from this date forward. Options granted prior to 3 March 2015 will continue to vest, based on the terms set forth in the individual employee grant agreements.

On 7 October 2016 the Group established:

i) an equity-settled share-based compensation plan under the Tax Advantaged Group Share Option Initiative (“CSOP”) for certain Group employees under which the Group receives services from employees as consideration for equity option instruments (share options) of the Group.

ii) three further equity-settled share-based compensation plans (“Unapproved Plans”) for certain Group employees under which the Group receives services from employees as consideration for equity option instruments (share options) of the Group.

For the EMI, CSOP and Unapproved Plans the fair value of the employee services received in exchange for the grant of options for ordinary shares is expensed in each reporting period, based on the Group’s estimate of ordinary shares that will eventually vest and the value of the share price as at period-end. The estimated employee expense

26. Share-based payments (continued)

for all these options will be evaluated each reporting period until options are no longer eligible to vest or have fully vested.

Compensation Plan
The fair value of the awards granted under the CSOP plan and the assumptions used in the calculation of the share-based payment expense in respect of the CSOP plan are as follows:

Valuation model	Black-Scholes
Date of grant	Various
Number granted	Various
Share price at date of awards	£8.84
Fair value at date of awards	£5.46
Exercise price	£3.98
Expected price volatility	43%
Vesting life of awards	One to four years
Expected life of awards	Four years
Risk free interest rate	1.3%
Vesting conditions	Continued employment during vesting period

The fair value of the awards granted under the Unapproved Plans and the assumptions used in the calculation of the share-based payment expense in respect of the Unapproved Plans are as follows:

Valuation model	Black-Scholes
Date of grant	Various
Number granted	Various
Share price at date of awards	£8.84-£12.87
Fair value at date of awards	£5.46-£9.19
Exercise price	£3.98
Expected price volatility	43%
Vesting life of awards	One to four years
Expected life of awards	Four years
Risk free interest rate	0.58%-1.3%
Vesting conditions	Continued employment during vesting period

26. Share-based payments (continued)

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest.

The Group has agreements which guarantee a fixed return to the holder on exit for their vested options, which are classified as cash-settled awards. Inputs into the model in deriving the fair value of these awards at the statement of financial position date are as follows:

Valuation model	Monte-Carlo
Share price	£12.87
Expected price volatility	43%
Vesting life of awards	One to four years
Expected life of awards	Three years
Risk free interest rate	0.58%
Fair value of awards at balance sheet date	£0.9
Vesting conditions	Continued employment during vesting period

The expense recognised for employee services received during the year for both the Group and the Company are shown in the following table (in millions):

	31 December 2019 £	31 December 2018 (restated) £
Expenses arising from equity settled share-based payment transactions	9.8	3.5
Cash-settled share-based payment transactions	0.5	0.2
Total	**10.3**	**3.7**

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Movements in the number of outstanding conditional awards of shares are as follows:

	2019 Average exercise price per share **(£)**	**2019** Number of options (millions)	**2018** Average exercise price per share **(£)**	**2018** Number of options (millions)
As at 1 January	**0.75**	**2.3**	**1.63**	**0.6**
Granted during the year	3.98	0.5	0.54	2.0
Forfeited during the year	3.25	(0.2)	1.56	(0.1)
Exercised during the year	2.49	(0.2)	0.75	(0.2)
As at 31 December	**1.08**	**2.4**	**0.75**	**2.3**
Vested and exercisable at 31 December	0.46	0.5	2.17	0.2

The Group did not have any treasury shares granted or issued and outstanding as of 31 December 2019 (2018: £ nil).

26. Share-based payments (continued)

Share options outstanding at the end of the year have the expiry dates and exercise prices as shown below.

Grant date	Expiry date	**2019 Average Exercise price**	2018 Average Exercise price	**2019 No of options**	2018 No of options
22 October 2012	22 October 2022	**2.3600**	-	**1,000**	-
17 October 2014	17 October 2024	**-**	0.0001	**-**	7,500
03 February 2015	03 February 2025	**-**	0.0001	**-**	3,000
16 March 2015	16 March 2025	**2.3600**	-	**1,250**	-
05 February 2016	05 February 2026	**2.3600**	-	**4,786**	-
26 September 2016	26 September 2026	**-**	0.0001	**-**	7,550
07 October 2016	07 October 2026	**2.3600**	2.1148	**18,362**	111,797
06 April 2017	06 April 2027	**2.3600**	2.3600	**7,040**	71,740
30 May 2017	30 May 2027	**2.3600**	-	**628**	-
01 June 2017	01 June 2027	**2.3600**	2.3600	**13,424**	99,794
31 July 2017	31 July 2027	**2.3600**	2.1491	**4,918**	30,533
07 September 2017	07 September 2027	**-**	2.3600	**-**	1,000
12 September 2017	12 September 2027	**-**	2.3600	**-**	854
30 October 2017	30 October 2027	**3.1800**	-	**2,706**	-
23 January 2018	23 January 2028	**3.4692**	3.1800	**32,029**	105,000
29 January 2018	29 January 2028	**3.1800**	3.1800	**7,250**	22,943
01 June 2018	01 June 2028	**-**	3.1800	**-**	25,000
04 June 2018	04 June 2028	**3.5619**	3.6678	**16,082**	43,000
31 October 2018	31 October 2028	**3.9400**	3.9400	**375**	29,500
20 November 2018	20 November 2028	**3.9800**	3.9622	**24,963**	45,000
25 January 2019	25 January 2029	**3.9400**	3.9470	**7,500**	11,500
01 April 2019	01 April 2029	**3.9800**	-	**257,815**	-
10 April 2019	10 April 2029	**3.9800**	-	**5,000**	-
15 April 2019	15 April 2029	**3.9800**	3.9800	**32,750**	2,750
29 April 2019	29 April 2029	**3.9800**	-	**2,000**	-
07 May 2019	07 May 2029	**3.9800**	-	**25,000**	-
31 May 2019	31 May 2029	**0.0723**	0.0100	**1,751,885**	1,724,385
24 July 2019	24 July 2029	**3.9800**	-	**1,000**	-
28 October 2019	28 October 2029	**3.9800**	-	**35,000**	-
04 November 2019	04 November 2029	**3.9800**	-	**150,230**	-
				2,402,993	2,342,846

	31 December 2019	**31 December 2018**
Weighted average remaining contractual life of options outstanding at end of period	**9.34 years**	9.97 years

NOTES TO THE FINANCIAL STATEMENTS

27. Provisions (in millions)

	Note	31 December 2019	31 December 2018 (restated)
		£	£
Opening (restated)	29	0.2	-
New provision		1.4	0.2
Closing		**1.6**	**0.2**

The provisions included Employer's National Insurance contributions on the Group's share-based payment arrangements of £1.6m (2018: £0.2m restated).

28. Reconciliation of liabilities arising from financing activities

The non-cash movements for the year are explained as follows:

	31 December 2018	Cash	Non-Cash							31 December 2019
			Conversion to equity	IFRS 16 implementation	Debt acquired	Changes in fair value	Foreign exchange	Other	Total non-cash	
	£	£	£	£	£	£	£	£	£	£
Lease liabilities	-	(2.5)	-	11.4	1.3	-	(0.1)	0.9	13.5	11.0
Warrants	2.0	-	-	-	-	(0.2)	-	-	(0.2)	1.8
Convertible loan notes - MLC	2.0	-	(2.0)	-	-	-	-	0.2	(1.8)	0.2
Convertible loan notes - B Ordinary and Series D shares	-	55.8	(57.1)	-	-	-	(0.6)	1.9	(55.8)	-
Derivatives	-	3.3	(3.1)	-	-	(0.2)	-	-	(3.3)	-
Borrowings[1]	55.1	(31.6)	-	-	-	-	(1.2)	4.3	3.1	26.6
	59.1	**25.0**	**(62.2)**	**11.4**	**1.3**	**(0.4)**	**(1.9)**	**7.3**	**(44.5)**	**39.6**

[1] includes long-term TPVG loan which was fully repaid in 2019 (note 20 & 21). Balance as at 31 December 2019 relates to SVB loan which is disclosed within Trade and other payables in note 21.

Other non-cash movements primarily relate to finance costs.

29. Prior years adjustments

2018 Prior year adjustments (in millions)

Group Balance impacted	Note	2018 previously reported	Reclass (a)	Share-based payment charge (b)	2018 (restated)	*Net impact*
		£	£	£	£	£
Other debtors	20	27.2	16.9	-	44.1	*16.9*
Cash and cash equivalents		45.6	(20.5)	-	25.1	*(20.5)*
Restricted cash		-	3.6	-	3.6	*3.6*
Provisions	27	-	-	(0.2)	(0.2)	*(0.2)*
Trade and other payables	21	(62.1)	-	(0.3)	(62.4)	*(0.3)*
Net Assets		**10.7**	-	**(0.5)**	**10.2**	***(0.5)***
Retained earnings		112.5	-	0.8	113.3	*0.8*
Other reserves	25	(6.0)	-	(0.3)	(6.3)	*(0.3)*
Equity		**106.5**	-	**0.5**	**107.0**	***0.5***

Company Balance impacted	Notes	2018 previously reported	Reclass (a)	Share-based payment charge (b)	2018 (restated)	*Net impact*
		£	£	£	£	£
Other debtors	20	35.6	9.1	-	44.7	*9.1*
Cash and cash equivalents		27.1	(9.8)	-	17.3	*(9.8)*
Provisions	27	-	-	(0.2)	(0.2)	*(0.2)*
Trade and other payables	21	(56.1)	-	(0.3)	(56.4)	*(0.3)*
Restricted cash		-	0.7	-	0.7	*0.7*
Net Assets		**6.6**	-	**(0.5)**	**6.1**	***(0.5)***
Retained earnings		113.7	-	0.8	114.5	*0.8*
Other reserves	25	(5.6)	-	(0.3)	(5.9)	*(0.3)*
Equity		**108.1**	-	**0.5**	**108.6**	***0.5***

(a) Reclass between Cash & cash equivalents and Other debtors

During the year we changed the classification of amounts due to us from third party payment processors (cash in transit) and Correspondents (pay-out partners).

Previously, cash in transit was classified as cash & cash equivalents. However, in considering the nature of the balance, specifically when we control the cash being only when it is received into our bank accounts, we consider it more appropriate to classify all cash in transit balances as other debtors.

Balances held by pay-out partners were previously reported within both cash & cash equivalents and other debtors. During the year we reassessed the classification based on the underlying nature of the accounts and concluded it appropriate to report all such balances as other debtors.

Correcting this at 31 December 2018 results in an £16.9m reclassification between cash & cash equivalents and other debtors for the Group and £9.1m for the Company.

29. Prior years adjustments (continued)

In addition, funds held in safeguarding bank accounts have been reclassed from cash & cash equivalents to restricted cash. See note 33 for more details.

(b) Share-based payment

Provisions - Previously, there was no provision for Employer's National Insurance contributions on the Group's share-based payment arrangements recorded. Correcting this error at 31 December 2018 would have led to an additional charge of £0.2m to the income statement, with a corresponding increase in provisions on the statement of financial position. Therefore, both have been restated.

Trade and other payables - We have identified a guarantee payment instrument which was previously unaccounted for as part of a Director's equity arrangements. This has been classified as a cash settled share-based payment arrangement and as such, has been fair valued at both 31 December 2018 and 31 December 2019. Correcting this error at 31 December 2018 would have led to an additional £0.3m share-based payment charge, with a corresponding liability recognised in the statement of financial position. Therefore, both the income statement and statement of financial position have been restated accordingly.

Other reserves - In the year, we identified an error in the mechanics of our share-based payments model for the Group. Correcting for this error at 31 December 2018 would have led to an additional £0.3m share-based payment charge and increase in share-based payment equity reserve. Therefore, both the share-based payment reserve and income statement have been restated accordingly.

2017 Prior year adjustments (in millions)

Group	**2017 previously reported**	**Reclass**	**1 January 2018 restated**
	£	**£**	**£**
Cash & cash equivalent	58.0	(22.6)	35.4
Restricted cash	-	2.4	2.4
Other debtors	23.5	14.6	38.1
Trade and other payables	(56.3)	5.6	(50.7)

Company	**2017 previously reported**	**Reclass**	**1 January 2018 (restated)**
	£	**£**	**£**
Cash & cash equivalents	42.2	(13.0)	29.2
Restricted cash	-	0.9	0.9
Other debtors	27.4	12.1	39.5

In 2017, £14.6m was reclassed between cash & cash equivalents and other debtors for the Group and £12.1m for the Company. In addition, funds held in safeguarding bank accounts have been reclassed from cash & cash equivalents to restricted cash.

Please refer to (a) above for more details on these reclasses.

Furthermore, we identified intercompany balances as part of the 2017 cash reclassification adjustment, which has not been eliminated on consolidation. The impact of correcting these in the 2017 financials is a reclassification of £5.6m between trade and other payable, and other debtors for the Group.

29. Prior years adjustments (continued)

The restatements on the Statement of Financial Position for prior years are shows as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2018			2017		
Assets	**As reported**	**Adjustments**	**Restated**	**As reported[1]**	**Adjustments**	**Restated**
Non-current assets	**£**	**£**	**£**	**£**	**£**	**£**
Property, plant and equipment	4.4	-	4.4	2.1	-	2.1
Intangible assets	6.4	-	6.4	11.6	-	11.6
Deferred tax assets	0.1	-	0.1	0.1	-	0.1
Long-term deposits	1.4	-	1.4	1.4	-	1.4
	12.3	**-**	**12.3**	**15.2**	**-**	**15.2**
Current assets						
Other debtors	27.2	16.9	44.1	23.5	14.6	38.1
Cash and cash equivalents	45.6	(20.5)	25.1	58.0	(22.6)	35.4
Restricted cash	-	3.6	3.6	-	2.4	2.4
	72.8	**-**	**72.8**	**81.5**	**(5.6)**	**75.9**
Total assets	**85.1**	**-**	**85.1**	**96.7**	**(5.6)**	**91.1**
Equity and liabilities						
Equity						
Share capital	-	-	-	-	-	-
Share premium	(111.2)	-	(111.2)	(91.2)	-	(91.2)
Other reserves	(6.0)	(0.3)	(6.3)	(2.1)	-	(2.1)
Accumulated losses	112.5	0.8	113.3	67.1	-	67.1
Equity attributable to owners of the company	**(4.7)**	**0.5**	**(4.2)**	**(26.2)**	**-**	**(26.2)**
Non-current liabilities						
Warrants	(2.0)	-	(2.0)	(1.0)	-	(1.0)
Convertible loans	(2.0)	-	(2.0)	(1.7)	-	(1.7)
Long term loans	(14.3)	-	(14.3)	(11.5)	-	(11.5)
Provisions	-	(0.2)	(0.2)	-	-	-
	(18.3)	**(0.2)**	**(18.5)**	**(14.2)**	**-**	**(14.2)**
Current liabilities						
Trade and other payables	(62.1)	(0.3)	(62.4)	(56.3)	5.6	(50.7)
	(62.1)	**(0.3)**	**(62.4)**	**(56.3)**	**5.6**	**(50.7)**
Total liabilities	**(80.4)**	**(0.5)**	**(80.9)**	**(70.5)**	**5.6**	**(64.9)**
Total equity and liabilities	**(85.1)**	**-**	**(85.1)**	**(96.7)**	**5.6**	**(91.1)**

[1] Per 2018 accounts with restated 2017 balances.

29. Prior years adjustments (continued)

COMPANY STATEMENT OF FINANCIAL POSITION

	2018			2017		
Assets	**As reported**	**Adjustments**	**Restated**	**As reported[1]**	**Adjustments**	**Restated**
Non-current assets	**£**	**£**	**£**	**£**	**£**	**£**
Property, plant and equipment	1.9	-	1.9	1.9	-	1.9
Intangible assets	6.3	-	6.3	11.3	-	11.3
Long-term deposits	1.4	-	1.4	1.4	-	1.4
Investments in subsidiaries	5.2	-	5.2	3.7	-	3.7
	14.8	**-**	**14.8**	**18.3**	**-**	**18.3**
Current assets						
Other debtors	35.6	9.1	44.7	27.4	12.1	39.5
Cash and cash equivalents	27.1	(9.8)	17.3	42.2	(13.0)	29.2
Restricted cash	-	0.7	0.7	-	0.9	0.9
	62.7	**-**	**62.7**	**69.6**	**-**	**69.6**
Total assets	**77.5**	**-**	**77.5**	**87.9**	**-**	**87.9**
Equity and liabilities						
Equity						
Share capital	-	-	-	-	-	-
Share premium	(111.2)	-	(111.2)	(91.2)	-	(91.2)
Other reserves	(5.6)	(0.3)	(5.9)	(1.9)	-	(1.9)
Accumulated losses	113.7	0.8	114.5	67.6	-	67.6
Equity attributable to owners of the company	**(3.1)**	**0.5**	**(2.6)**	**(25.5)**	**-**	**(25.5)**
Non-current liabilities						
Warrants	(2.0)	-	(2.0)	(1.0)	-	(1.0)
Convertible loans	(2.0)	-	(2.0)	(1.7)	-	(1.7)
Long term loans	(14.3)	-	(14.3)	(11.5)	-	(11.5)
Provisions	-	(0.2)	(0.2)	-	-	-
	(18.3)	**(0.2)**	**(18.5)**	**(14.2)**	**-**	**(14.2)**
Current liabilities						
Trade and other payables	(56.1)	(0.3)	(56.4)	(48.2)	-	(48.2)
	(56.1)	**(0.3)**	**(56.4)**	**(48.2)**	**-**	**(48.2)**
Total liabilities	**(74.4)**	**(0.5)**	**(74.9)**	**(62.4)**	**-**	**(62.4)**
Total equity and liabilities	**(77.5)**	**-**	**(77.5)**	**(87.9)**	**-**	**(87.9)**

[1] Per 2018 accounts with restated 2017 balances.

30. Commitments

The Group has various commercial agreements with vendors as well as land and buildings under non-cancellable lease agreements. As disclosed in the accounting policies, the Group has adopted IFRS 16 on 1 January 2019. The Group has no other material capital commitments as at the balance sheet date.

The repayment analysis of the non-cancellable leases is disclosed in the note 5 of the financial statements.

31. Financial Guarantees

The Group and Company are guarantors for third-party guarantees which at 31 December 2019 amounted to £1.0m (2018: £1.1m).

32. Controlling Party

There is no single controlling party.

33. Safeguarding

The Group safeguards customer funds in accordance with the Payment Services Regulations (2009) 19(5). It has established safeguarding accounts with its bankers for this purpose. At 31 December 2019 funds held in safeguarding bank accounts amounted to £6.5m (2018: £3.6m).

34. Related party transactions

As at the year end, the Company reported the following receivable/(payable) balances with its subsidiaries (in millions):

	31 December 2019	31 December 2018 (restated)
	£	£
WorldRemit (Hong Kong) Ltd.	0.1	0.6
WorldRemit (Malaysia) SDN BHD.	0.1	-
WorldRemit (Singapore) Pte Ltd.	(0.2)	0.5
WorldRemit Corp.	4.0	1.5
WorldRemit (Australia) Pty Ltd.	1.0	1.9
WorldRemit Inc	(2.7)	2.3
WorldRemit (New Zealand) Pty Ltd.	(0.4)	-
WorldRemit (South Africa) Pty Ltd.	0.5	0.1
WorldRemit (Somaliland) Ltd.	(0.2)	0.1
WorldRemit Service Company Ltd.	4.2	1.8
WorldRemit Money Transfer (Uganda) Ltd.	0.1	0.1
WorldRemit (Rwanda) Ltd.	0.1	-
WorldRemit Money Transfer (Kenya) Ltd.	(0.3)	(0.3)
WorldRemit Belgium SA	1.1	-
WorldRemit West Inc	0.1	-
WorldRemit Digital Services Corp.	(1.7)	-
	5.8	**8.6**

The Company has applied exemption under FRS101 not to disclose the transactions under IAS24, paragraph 18A.

On 21 May 2013, WorldRemit Ltd entered into a convertible loan agreement in the aggregate principal amount of £1.0m with MLC 50 LP Inc ('MLC'), and on 30 October 2013, WorldRemit Ltd entered into a convertible loan agreement in the aggregate principal sum of £0.7m with MLC (as amended, together, the "Convertible Loan Agreements"). On 28 November 2019, WorldRemit Ltd issued 1.8m ordinary shares to MLC in repayment of £1.5m under the Convertible Loan Agreements, and an aggregate of £0.2m remained outstanding under the Convertible Loan Agreements. In connection with the Shareholders' Agreement, on or around 29 May 2020, MLC transferred the Convertible Loan Agreements to WorldRemit Group Ltd.

During the year there was a secondary transaction in the Company's ordinary shares, in which all existing shareholders were invited to sell their ordinary shares to other interested shareholders. The Company entered into a Board approved arrangement with its existing shareholders to facilitate payments between parties for a fee of 1% of the aggregate transaction value, amounting to £0.5m, which was borne by the sellers. Due to foreign exchange movements, between the receipt of funds from the purchaser and the payments to the sellers, the Company incurred a net loss of £0.7m.

34. Related party transactions (continued)

The selling shareholders involved in this included Ismail Ahmed and Catherine Wines, both of whom were Directors of the Company and members of the Board during the year-ended 31 December 2019.

Key management personnel and compensation (in millions)	**31 December 2019**	**31 December 2018**
	£	**£**
Short-term employee benefits	1.5	0.6
Post-employment benefits	-	-
Share-based payment	9.4	1.5
Termination benefits	0.2	0.1
Total	**11.1**	**2.2**

Key management of the Group includes the directors, Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.

Please refer to Note 12 for Directors' Emoluments.

35. Non adjusting events after the financial period

In December 2019, a novel strain of coronavirus disease ("COVID-19") was first reported in Wuhan, China. Less than four months later, on 11 March 2020, the World Health Organization declared COVID-19 a pandemic. The extent of COVID-19's effect on the Group's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape.

WorldRemit completed a corporate reorganisation on 2 June 2020, following the interposition of three new UK holding companies above WorldRemit Ltd., which was previously the holding Group of the WorldRemit Group. Over the next year, it is expected that all the regulated entities will sit at the same level in the Group.

The shareholders who previously held shares in WorldRemit Ltd. now hold equivalent shares, in the same proportions, in WorldRemit Group Ltd, the new holding Group of the Group. Therefore, neither the identity of the ultimate beneficial owners of the Group, nor the proportions in which they hold their interests in the WorldRemit Group have changed as a result of the corporate reorganisation.

In August 2020, we entered into an agreement to acquire Sendwave, a leading mobile-first provider of 100% digital cross-border payment solutions with deep capabilities in powering mobile payments from North America and Western Europe to East Africa, West Africa and Asia. In February 2021, the Group signed a 4 year term credit facility with two lenders (Blackrock and Hercules) for a total of $225.0m (£170.6m), to fund this acquisition. The Group completed the acquisition in February 2021.

The Group had a revolving credit facility with Silicon Valley Bank ("SVB") of $50.0m (£37.9m) during 2020 and increased further to $70.0m (£53.1m) for a one month period only at the end of December 2020. This facility was renewed in February 2021 and is contracted until December 2021.