

CAXTON FX LIMITED

Company Registration No. 4610337

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2006



CAXTON FX LIMITED

Contents

	Page
Directors and Officers	2
Report of the Directors	3
Independent Auditors' Report	5
Profit Statement	6
Balance Sheet	7
Cash Flow Statement	8
Notes to the Financial Statements	9
 <i>The following page does not form part of the statutory accounts:</i>	
Detailed Profit Statement	16

CAXTON FX LIMITED
DIRECTORS AND OFFICERS

Directors

Anthony Shearer (Chairman)
Rupert Lee-Browne
James Hickman
Jane Emma Peerless

Secretary and Registered Office

Jane Emma Peerless

2 Motcomb Street, London SW1X 8JU

Auditors

Gerald Edelman
Chartered Accountants and Registered Auditor

25 Harley Street, London W1G 9BR

CAXTON FX LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 28 FEBRUARY 2006

The Directors present their annual report, together with the financial statements and report of the auditors, for the year ended 28 February 2006.

Principal Activity

The principal activity of the Company has been the provision of foreign currency services.

Business Review

The Directors consider that the results are satisfactory and expect further suitable progress.

Financial risk management

The Directors' financial risk management objective is to maximise financial assets and minimise financial liabilities whilst not engaging in speculation. The financial risks faced by the Company include:

- exposure to foreign currency fluctuations due to nature of the company's principal activity
- interest rates risk
- liquidity risk
- credit risk.

The Directors manage the abovementioned financial risks as follows:

- hold cash in the currencies of anticipated trading
- actively review and approve the terms of and parties to significant commercial contracts where payment is not anticipated in advance
- careful management of bank balances and monitoring interest rates and foreign currency rates
- ensuring sufficient resources are retained to enable flexibility in the management of its cash flow and committed deposits.

Results and Dividend

The results for the year are set out on page 6. Interim dividends totalling £60,800 were paid during the year. *The Directors are not recommending a final dividend.*

Directors

Anthony Shearer was appointed a Director on 1 August 2006.

The names of the current Directors of the Company are shown on page 2.

CAXTON FX LIMITED

REPORT OF THE DIRECTORS YEAR ENDED 28 FEBRUARY 2006 (Continued)

Directors' Interests

The Directors who held office at 28 February 2006 were interested in the shares of the Company as shown below:

	Ordinary shares of £1 each	
	28 February 2005	28 February 2006
Rupert Lee-Browne	700	700
Jane Emma Peerless	300	300

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:-

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution will be put before the annual general meeting to re-appoint Gerald Edelman as auditors.

By order of the Board



Jane Emma Peerless
Secretary

20 October 2006

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CAXTON FX LIMITED

We have audited the financial statements of Caxton FX Limited on pages 6 to 15 for the year ended 28 February 2006. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities on page 4 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 28 February 2006, and of its profit for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985.


Gerald Edelman
Chartered Accountants
Registered Auditor

20 October 2006
25 Harley Street
London W1G 9BR

CAXTON FX LIMITED

PROFIT STATEMENT

For the Year ended 28 February 2006

	Notes	2006 £	2005 £
Turnover	2	121,222,632	102,472,868
Cost of sales		(120,518,344)	(101,933,828)
Gross profit		704,288	539,040
Administrative expenses		(528,538)	(332,859)
Operating profit	3	175,750	206,181
Interest receivable and similar income	5	55,123	32,551
Interest payable and similar charges	6	(1,476)	(3,404)
Profit on ordinary activities before taxation		229,397	235,328
Tax on profit on ordinary activities	7	(45,138)	(45,472)
Profit on ordinary activities after taxation		184,259	189,856

The profit statement has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit statement.

The notes on pages 9 to 15 form part of these financial statements.

CAXTON FX LIMITED

BALANCE SHEET

As at 28 February 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible assets	8	14,564	19,057
Current assets			
Debtors	9	1,306,888	1,228,004
Cash at bank and in hand		1,741,870	2,124,776
		3,048,758	3,352,780
Creditors: amounts falling due within one year	10	(2,630,405)	(3,061,467)
Net current assets		418,353	291,313
Total assets less current liabilities		432,917	310,370
Provisions for liabilities and charges	11	(310)	(1,222)
Net assets		432,607	309,148
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss account	13	431,607	308,148
Shareholders' funds – equity interests	14	432,607	309,148

The notes on pages 9 to 15 form part of these financial statements.

These financial statements were approved by the Board of Directors on 20 October 2006 and were signed on its behalf by:

Rupert Lee-Browne
Director



CAXTON FX LIMITED
CASH FLOW STATEMENT

For the Year ended 28 February 2006

	Notes	2006 £	2005 £
Net cash (outflow)/inflow from operating activities	15a	(295,678)	359,769
Returns on investments and servicing of finance			
Interest received		55,351	30,112
Interest paid		(2,712)	(2,666)
		(243,039)	387,215
Taxation			
Corporation tax paid		(44,767)	(36,342)
Capital expenditure			
Purchase of tangible fixed assets		(4,637)	(21,041)
		(292,443)	329,832
Equity dividends paid			
Dividends on ordinary shares		(60,800)	(36,600)
Net cash (outflow)/inflow before management of liquid resources and financing		(353,243)	293,232
Management of liquid resources			
Current asset investments		-	31
Financing			
Short term loans		(29,663)	-
(Decrease)/increase in cash		(382,906)	293,263

The notes on pages 9 to 15 form part of these financial statements.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2006

1. Accounting Policies

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice) which have been applied consistently (except as otherwise stated).

(c) Turnover and revenue recognition

Turnover represents the gross value of currency transactions undertaken by the Company. Purchases of currency relating to these transactions are treated as cost of sales.

Turnover is recognised when a binding contract is entered into by a client and the profit is fixed and determined.

Where the Company enters into a contract for forward delivery with a client, it also enters into a separate matched forward contract with its bankers.

Where a contract for forward delivery is open at the year end, the balance of the contract due from the client at maturity is included in trade debtors and the corresponding liability with the Company's bankers is included in trade creditors.

(d) Tangible Fixed Assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Computer equipment	33.3% p.a. straight line
Other office equipment	25% p.a. straight line

(e) Deferred Taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

(f) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date or, if matched, at the forward contract rate. Transactions arising during the year are translated at the actual rate. Exchange differences are taken into account in arriving at the operating profit.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Turnover

The Company's turnover is attributable to its principal activity and all arises in the United Kingdom.

3. Operating Profit

Operating profit is stated after charging:

	2006 £	2005 £
Staff costs (see note 4)	255,662	141,960
Depreciation of tangible assets	9,130	4,703
Auditors' remuneration - for audit work	3,231	3,231
- for non-audit work	2,379	-

4. Staff numbers and costs

The average number of persons employed by the Company (including Directors) was as follows:

	2006 £	2005 £
Executive	4	3
Administration	3	1

The aggregate payroll costs of these persons were as follows:

	£	£
Salaries	230,597	128,220
Social security costs	25,065	13,740
	<u>255,662</u>	<u>141,960</u>

Directors' remuneration

The payroll costs shown above include the following remuneration in respect of Directors of the Company.

	2006 £	2005 £
Emoluments	115,994	80,698

No pension contributions were made on behalf of any of the Directors.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Interest receivable and similar income

	2006 £	2005 £
Bank interest	55,024	32,540
Other interest	99	11
	<u>55,123</u>	<u>32,551</u>

6. Interest payable and similar charges

	2006 £	2005 £
On bank loans and overdrafts	24	593
On other loans wholly repayable within five years	1,452	2,811
	<u>1,476</u>	<u>3,404</u>

7. Tax on profit on ordinary activities

	2006 £	2005 £
U.K. corporation tax	46,050	44,767
Current tax charge	46,050	44,767
Deferred tax		
Deferred tax (credit)/charge, current year	(912)	705
	<u>45,138</u>	<u>45,472</u>
Current tax reconciliation:		
Profit on ordinary activities before taxation	229,397	235,328
Current tax charge thereon at 19%	43,585	44,712
<i>Effects of:</i>		
Expenses not deductible for tax purposes	1,768	760
Depreciation added back	1,735	894
Capital allowances	(1,038)	(1,599)
Total current tax charge	<u>46,050</u>	<u>44,767</u>

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Tangible fixed assets

	Computer equipment £	Other equipment £	Total £
Cost			
At 1 March 2005	22,639	1,564	24,203
Additions	4,139	498	4,637
	<hr/>	<hr/>	<hr/>
At 28 February 2006	26,778	2,062	28,840
Depreciation			
At 1 March 2005	4,900	246	5,146
Charge for the year	8,726	404	9,130
	<hr/>	<hr/>	<hr/>
At 28 February 2006	13,626	650	14,276
Net Book Value			
At 28 February 2006	13,152	1,412	14,564
	<hr/>	<hr/>	<hr/>
At 29 February 2005	17,739	1,318	19,057
	<hr/>	<hr/>	<hr/>

9. Debtors

	2006 £	2005 £
Trade debtors	1,291,440	1,215,695
Other debtors	10,047	-
Prepayments and accrued income	5,401	12,309
	<hr/>	<hr/>
	1,306,888	1,228,004
	<hr/>	<hr/>

Other debtors comprise:

- An interest-free unsecured loan of £5,000 (2005: Nil) to J Hickman, a director. The maximum amount outstanding during the year was £5,000.
- An overdrawn current account of £5,047 (2005: £833 creditor) due by R Lee-Browne, a director. The maximum amount outstanding during the year was £5,047. The balance was repaid on 31 March 2006.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. Creditors: Amounts falling due within one year

	2006 £	2005 £
Trade creditors	2,536,234	2,950,965
Corporation tax	46,050	44,767
Other taxes and social security	5,456	4,818
Directors' current accounts	-	833
Other creditors	5,337	43,250
Accruals and deferred income	37,328	16,834
	<u>2,630,405</u>	<u>3,061,467</u>

11. Provisions for liabilities and charges

	2006 £	2005 £
Deferred taxation liability:		
Balance at 1 March	1,222	517
(Credit)/charge for year	<u>(912)</u>	<u>705</u>
Balance at 28 February	<u>310</u>	<u>1,222</u>

The provision for deferred taxation is made up of accelerated capital allowances

12. Share capital

	2006 £	2005 £
Authorised:		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid:		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

13. Profit and loss account

	2006 £	2005 £
At 1 March	308,148	124,792
Profit for the year	184,259	189,856
Dividends paid	<u>(60,800)</u>	<u>(6,500)</u>
At 28 February	<u>431,607</u>	<u>308,148</u>

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the year	184,259	189,856
Dividends	(60,800)	(6,500)
	<u>123,459</u>	<u>183,356</u>
Opening shareholders' funds	309,148	125,792
	<u>432,607</u>	<u>309,148</u>
Closing shareholders' funds		

15. Cash Flow Statement

(a) Reconciliation of operating profit to net cash (outflow)/inflow from operating activities:-

	2006 £	2005 £
Operating profit	175,750	206,181
Depreciation of tangible assets	9,130	4,703
Loss on current asset investments	-	170
(Increase) / decrease in debtors	(79,112)	86,828
(Decrease)/increase in creditors within one year	(401,446)	61,887
	<u>(295,678)</u>	<u>359,769</u>
Net cash (outflow)/inflow from operating activities		

(b) Analysis of net funds / (debt)

	1 March 2005 £	Cash flow £	28 February 2006 £
Net cash:			
Cash at bank and in hand	2,124,776	(382,906)	1,741,870
Debt:			
Debts falling due within one year	(35,000)	29,663	(5,337)
	<u>2,089,776</u>	<u>(353,243)</u>	<u>1,736,533</u>
Net funds / (debt)			

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Cash Flow Statement (continued)

(c) Reconciliation of net cash flow to movement in net funds:-

	2006 £	2005 £
(Decrease)/increase in cash	(382,906)	293,263
Cash inflow from decrease in liquid resources	-	(201)
Cash outflow from decrease in debt	29,663	-
	<hr/>	<hr/>
Movement in net funds in the year	(353,243)	293,062
Opening net funds	2,089,776	1,796,714
	<hr/>	<hr/>
Closing net funds	1,736,533	2,089,776

16. Control

The Company is owned and controlled by R Lee-Browne and J E Peerless, directors and shareholders of the Company.

17. Related Party Transactions

Information regarding related party transactions is given in Note 9.
