

# **CAXTON FX LIMITED**

**Company Registration No. 04610337**

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2009**



# CAXTON FX LIMITED

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**CAXTON FX LIMITED**  
**DIRECTORS AND OFFICERS**

**Directors**

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

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**Secretary and Registered Office**

Jane Emma Peerless

28 Eaton Row, London SW1W 0JA

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**Auditors**

Gerald Edelman  
Chartered Accountants and Registered Auditor

25 Harley Street, London W1G 9BR

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# **CAXTON FX LIMITED**

## **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 28 FEBRUARY 2009**

The Directors present their annual report, together with the financial statements and report of the auditors, for the year ended 28 February 2009.

### **Principal Activity and Business Review**

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

The Directors are pleased to report that the Company has made good progress this year and has weathered the storm in the financial markets. Caxton Fx is financially robust, has a strong team, is growing organically and is well positioned to benefit from the upcoming regulatory changes associated with the EU Payments Services Directive. The Company's success has been built on a quality service provided at a competitive price together with good relationships with its clients.

Caxton Fx continues to grow its client base, strengthen its team and upgrade its technology and operating platform while keeping a tight control over the cost base. The foreign exchange market overall has seen a move to higher margins to cover the turbulence and Caxton Fx continues to take advantage of this whilst accepting clients from less competitive rivals.

The Directors consider that the financial results for the year are satisfactory and expect further progress in the current year to 28 February 2010 with the growth of new business and the introduction of further services.

### **Financial risk management**

The Directors have reviewed the risks and uncertainties facing the Company and consider the key risk to be financial risk. 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 £33,000 (2008: £75,000) were paid during the year. The Directors are not recommending a final dividend.

### **Directors**

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 2009 (Continued)**

#### **Statement of Directors' Responsibilities in respect of the Directors' Report and the financial statements**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Company's financial statements in accordance with UK Accounting Standards. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

In preparing those financial statements, the Directors are required to:-

- to select suitable accounting policies and then apply them consistently;
- make judgments 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

#### **Directors' Responsibilities regarding disclosure of information to the auditors**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **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

18 December 2009

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CAXTON FX LIMITED**

We have audited the financial statements of Caxton FX Limited on pages 6 to 16 for the year ended 28 February 2009. 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 2009, and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



Gerald Edelman  
Chartered Accountants  
Registered Auditor

18 December 2009  
25 Harley Street  
London W1G 9BR

# CAXTON FX LIMITED

## PROFIT STATEMENT

For the Year ended 28 February 2009

	Notes	2009 £	2008 £
Turnover	2	269,168,115	225,117,004
Cost of sales		(267,439,265)	(223,863,172)
<b>Gross profit</b>		<b>1,728,850</b>	<b>1,253,832</b>
Administrative expenses		(1,787,668)	(1,225,618)
<b>Operating (loss)/profit</b>	3	<b>(58,818)</b>	<b>28,214</b>
Interest receivable and similar income	5	92,774	120,332
Interest payable and similar charges	6	(6,157)	(3,696)
<b>Profit on ordinary activities before taxation</b>		<b>27,799</b>	<b>144,850</b>
Tax on profit on ordinary activities	7	(13,538)	(34,696)
<b>Profit for the year</b>		<b>14,261</b>	<b>110,154</b>

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 16 form part of these financial statements.

# CAXTON FX LIMITED

## BALANCE SHEET

As at 28 February 2009

	Notes	2009 £	2008 £
<b>Fixed assets</b>			
Tangible assets	8	55,749	52,272
<b>Current assets</b>			
Debtors	9	1,193,504	2,306,207
Cash at bank and in hand		5,174,383	3,175,879
		6,367,887	5,482,086
<b>Creditors: amounts falling due within one year</b>	10	(5,640,413)	(4,736,526)
<b>Net current assets</b>		727,474	745,560
<b>Total assets less current liabilities</b>		783,223	797,832
Provisions for liabilities and charges	11	(5,000)	(870)
<b>Net assets</b>		778,223	796,962
<b>Capital and reserves</b>			
Called up share capital	12	1,087	1,087
Profit and loss account	13	777,136	795,875
<b>Shareholders' funds – equity interests</b>	14	778,223	796,962

The notes on pages 9 to 16 form part of these financial statements.

These financial statements were approved by the Board of Directors on 18 December 2009 and were signed on its behalf by:

Rupert Lee-Browne  
Director



Company Registration number: 04610337



**CAXTON FX LIMITED**  
**CASH FLOW STATEMENT**

**For the Year ended 28 February 2009**

	Notes	2009 £	2008 £
<b>Net cash inflow/(outflow) from operating activities</b>	15a	2,002,043	(381,182)
<b>Returns on investments and servicing of finance</b>			
Interest received		94,484	126,993
Interest paid		(6,314)	(3,539)
		2,090,213	(257,728)
<b>Taxation</b>			
Corporation tax paid		(34,473)	(126,395)
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		(24,236)	(28,338)
		2,031,504	(412,461)
<b>Equity dividends paid</b>			
Dividends on ordinary shares		(33,000)	(75,000)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		1,998,504	1,926,720
<b>Financing</b>			
Equity capital subscribed		-	-
Short term loans		-	-
<b>Increase/(decrease) in cash</b>		1,998,504	(487,461)

The notes on pages 9 to 16 form part of these financial statements.

# CAXTON FX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 28 February 2009

### 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:

Leasehold alterations	Remaining life of 5 year lease
Motor vehicles	25% p.a. straight line
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) Operating Lease rentals

Rentals payable under operating leases are charged against income on a straight line over the lease term.

#### (g) 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)**  
**Year ended 28 February 2009**

**2. Turnover**

The Company's turnover is attributable to its principal activity. A geographical analysis of turnover is:

	2009 £	2008 £
United Kingdom	256,928,607	219,533,402
Australia	12,239,508	828,839
	<u>269,168,115</u>	<u>220,362,241</u>

**3. Operating Profit**

Operating profit is stated after charging:

	2009 £	2008 £
Staff costs (see note 4)	833,678	497,586
Depreciation of tangible assets	20,759	19,308
Auditors' remuneration - for audit work	6,900	4,583
- for corporate finance work	3,776	4,667
Operating lease rentals	64,853	59,871

**4. Staff numbers and costs**

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

	2009 £	2008 £
Sales and marketing	16	8
Administration	6	6

The aggregate payroll costs of these persons were as follows:

	£	£
Salaries	756,854	452,826
Social security costs	76,824	44,760
	<u>833,678</u>	<u>497,586</u>

*Directors' remuneration*

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

	2009 £	2008 £
Emoluments	219,415	166,907

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

# CAXTON FX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 28 February 2009

### 5. Interest receivable and similar income

	2009 £	2008 £
Bank interest	92,774	119,985
Other interest	-	347
	<u>92,774</u>	<u>120,332</u>

### 6. Interest payable and similar charges

	2009 £	2008 £
On bank loans and overdrafts	<u>6,157</u>	<u>3,696</u>

### 7. Tax on profit on ordinary activities

	2009 £	2008 £
U.K corporation tax	<u>13,538</u>	<u>34,696</u>
Current tax charge	9,408	34,470
Deferred tax charge, current year	<u>4,130</u>	<u>226</u>
	<u>13,538</u>	<u>34,696</u>
<b>Current tax reconciliation:</b>		
Profit on ordinary activities before taxation	<u>27,799</u>	<u>144,850</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21% (2008: 20%)	5,838	28,970
<i>Effects of:</i>		
Expenses not deductible for tax purposes	5,790	4,824
Depreciation added back	4,359	4,194
Capital allowances	(6,544)	(3,369)
Marginal rate relief	<u>(35)</u>	<u>(149)</u>
Total current tax charge	<u>9,408</u>	<u>34,470</u>

# CAXTON FX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 28 February 2009

### 8. Tangible fixed assets

	Leasehold Alterations £	Motor Vehicles £	Computer equipment £	Other equipment £	Total £
<b>Cost</b>					
At 1 March 2008	25,446	-	45,808	25,056	96,310
Additions	-	5,500	17,301	1,435	24,236
At 28 February 2009	25,446	5,500	63,109	26,491	120,546
<b>Depreciation</b>					
At 1 March 2008	6,738	-	29,803	7,497	44,038
Charge for the year	5,232	344	8,934	6,249	20,759
At 28 February 2009	11,970	344	38,737	13,746	64,797
<b>Net Book Value</b>					
At 28 February 2009	13,476	5,156	24,372	12,745	55,749
At 29 February 2008	18,708	-	16,005	17,559	52,272

### 9. Debtors

	2009 £	2008 £
<b>Due after more than one year</b>		
Other debtors	14,687	14,687
<b>Due within one year</b>		
Trade debtors	1,004,542	2,223,345
Other debtors	155,860	5,000
Prepayments and accrued income	18,415	63,175
	<u>1,193,504</u>	<u>2,306,207</u>

Other debtors due within one year comprise:

- An interest-free unsecured loan of £5,000 (2008: £5,000) to J Hickman, a director. The maximum amount outstanding during the year was £5,000.
- £119,423 (2008: Nil) due by Voyager Prepaid Ltd (see also Note 18).
- £30,866 (2008: Nil) due by KnowledgeWire Systems Ltd (see also Note 18).

# CAXTON FX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 28 February 2009

### 10. Creditors: Amounts falling due within one year

	2009 £	2008 £
Trade creditors	5,525,187	4,594,351
Corporation tax	9,410	34,475
Other taxes and social security	-	16,850
Accruals and deferred income	105,816	90,850
	<u>5,640,413</u>	<u>4,736,526</u>

### 11. Provisions for liabilities and charges

	2009 £	2008 £
Deferred taxation liability:		
Balance at 1 March	870	644
Charge for year	<u>4,130</u>	<u>226</u>
Balance at 28 February	<u>5,000</u>	<u>870</u>

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

### 12. Share capital

	2009 £	2008 £
Authorised:		
Ordinary shares of £1 each	99,000	99,000
Ordinary-A shares of £1 each	<u>1,000</u>	<u>1,000</u>
	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid:		
1,000 ordinary shares of £1 each	1,000	1,000
87 ordinary-A shares of £1 each	<u>87</u>	<u>87</u>
	<u>1,087</u>	<u>1,087</u>

# CAXTON FX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 28 February 2009

### 13. Profit and loss account

	2009 £	2008 £
At 1 March	795,875	760,721
Profit for the year	14,261	110,154
Dividends paid	(33,000)	(75,000)
	<hr/>	<hr/>
At 28 February	777,136	795,875

### 14. Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the year	14,261	110,154
Dividends	(33,000)	(75,000)
	<hr/>	<hr/>
	(18,739)	35,154
Opening shareholders' funds	796,962	761,808
	<hr/>	<hr/>
Closing shareholders' funds	778,223	796,962

### 15. Cash Flow Statement

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

	2009 £	2008 £
Operating (loss)/profit	(58,818)	28,214
Depreciation of tangible fixed assets	20,759	19,308
Loss on disposal of tangible fixed assets	-	1,664
Decrease in debtors	1,110,993	400,611
Increase/(decrease) in creditors within one year	929,109	(830,979)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	2,002,043	(381,182)

# CAXTON FX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued) Year ended 28 February 2009

### 15. Cash Flow Statement (Continued)

#### (b) Analysis of net funds

	1 March 2008 £	Cash flow £	28 February 2009 £
Net cash:			
Cash at bank and in hand	3,175,879	1,998,504	5,174,383
Net funds	3,175,879	1,998,504	5,174,383

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

	2009 £	2008 £
Increase/(decrease) in cash	1,998,504	(487,461)
Cash outflow from decrease in debt	-	-
Movement in net funds in the year	1,998,504	(487,461)
Opening net funds	3,175,879	3,663,340
Closing net funds	5,174,383	3,175,879

### 16. Guarantees and Other Financial Commitments

At 28 February 2009 there were no capital commitments (2008: None) and the Directors are not aware of any contingent liabilities (2008: None).

At 28 February 2009 the Company had the following annual commitments under operating leases, analysed by expiry date:

	2009 £	2008 £
Land and buildings:		
Expiring within one year	29,480	-
Expiring between one and five years	49,938	49,938
Other:		
Expiring within one year	3,595	-
Expiring between one and five years	-	5,809



## **CAXTON FX LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Year ended 28 February 2009**

**17. Control**

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

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**18. Related Party Transactions**

On 1 January 2009 the Company transferred its currency card programme to Voyager Prepaid Ltd ("Voyager"), a company controlled by the Directors of the Company. Since 1 January 2009 the Company has continued to provide for Voyager the necessary underlying foreign exchange service, the revenue from which received by the Company for the 2 months ended 28 February 2009 was £4,306.

On 29 October 2008 KnowledgeWire Systems Ltd ("KWS") which provides computer maintenance and development services to the Company, was acquired by Voyager from third parties. Services rendered and goods supplied by KWS to the Company for the period from 30 October 2008 to 28 February 2009 amounted to £21,065.

Further information regarding related party transactions is given in Note 9.

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**19. Post Balance sheet events**

Subsequent to year end the company closed its operations in Australia. During the year to February 2009 the Australian branch generated revenue of £12.2 Million and made a net loss of £49,744.