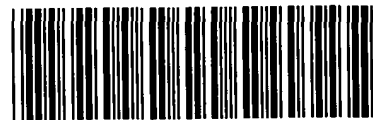


Company Registration No. 04610337 (England and Wales)

CAXTON FX LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2016

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CAXTON FX LIMITED

COMPANY INFORMATION

Directors Rupert Lee-Browne
 Jane-Emma Peerless
 Roger Alexander
 Timothy Cooke

Secretary Hardeep Attwal

Company number 04610337

Registered office Portland House
 Bressenden Place
 London
 SW1E 5BH

Auditors Gerald Edelman
 73 Cornhill
 London
 EC3V 3QQ

CAXTON FX LIMITED

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CAXTON FX LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2016

The Directors present the strategic report and financial statements for the year ended 28 February 2016.

Fair review of the business

Straddling the worlds of technology, international payments, foreign exchange services and currency cards, Caxton's objectives remain as always – to create shareholder value by providing amazing service for our customers. In our search for these, both strategic and tactical moves are needed to enable the growth of the business and thus provide the best-of-breed products and services our customers have come to expect. 2015 was a year where the company invested heavily for future growth, finalising the in-house build of a state-of-the-art technology platform, launching a unique multi-currency card for retail and business customers as well as developing a full cross-platform mobile app to work seamlessly with the new multicurrency card. The new platform is an exemplar of cloud-based FinTech - scalable, adaptable and reliable - and is used as a prime case-study by our partners, Microsoft, of service fabric based architecture development. To smooth the transition from legacy systems onto the new platform and ensure customer satisfaction, significant extra resources were employed including a large increase of the customer services and tech departments as well as a dedicated launch team.

Strategically this is in line with the vision set out in previous years where technology becomes the core of the business, enabling the company to grow faster and further by offering better products and service to our burgeoning customer base. It puts Caxton in a very strong position in forthcoming years to accelerate top line revenues as well as bottom line profits. The strategy of investing for future growth always comes with the inevitability of dented profits and in the light of this, the directors consider the financial results to be entirely satisfactory and in line with the strategic aims of the business.

The results for the year are set out on page 6. The operating loss includes a notional loss from foreign exchange rate movements of £205k (2015: £160k gain). In preparing the financial statements, all transactions in currencies other than the group's functional currency (GBP) have been translated using the rates of exchange prevailing on the balance sheet date (28 February 2016). These exchange differences are included within the operating loss.

Principal risks and uncertainties

The main risks and uncertainties faced by the business relate to the wider regulatory landscape but the directors do not believe there is a significant risk to the performance of the company for the foreseeable future.

Development and performance

The group's debtors amount to £114.8 million in 2016 (2015: £87.8 million). This balance includes £114.4 million of trade debtors (2015: £87.5 million). The directors are of the opinion that all these amounts are recoverable and the group has no significant credit risk.

The group's creditors due in less than one year amounts to £114.3 million (2015: £91.2 million). The directors do not foresee any problems in the group being able to meet these obligations as they fall due.

Key performance indicators

The directors foresee no liquidity risk for the coming financial year as the Group has substantial cash reserves amounting to £4.3 million (2015: £9.7 million).

On behalf of the Board



Rupert Lee-Browne

Director

23 June 2016

CAXTON FX LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2016

The directors present their annual report and financial statements for the year ended 28 February 2016.

Principal activities

The principal activity of the group throughout the year was that of provider of currency services.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Rupert Lee-Browne

Jane-Emma Peerless

James Hickman

(Resigned 1 January 2016)

Roger Alexander

Timothy Cooke

Results and dividends

The results for the year are set out on page 6.

An ordinary dividend of £Nil (2015: £250,776) was paid during the year.

Supplier payment policy

The group is responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted. It is group policy that payments to suppliers are made in accordance with those terms, provided that the suppliers also comply with all relevant terms and conditions.

Auditors

The auditors, Gerald Edelman, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities

The Directors are responsible for preparing the Strategic Report, 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CAXTON FX LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2016

Pillar 3 disclosures

The group's Pillar 3 disclosures can be found at its registered office.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

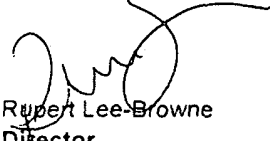
Purchase of own shares

On 26 November 2015, the company purchased thirty one thousand seven hundred and fifty of its Ordinary "A" shares. These shares had a nominal value of one pence per share and were purchased for an agreed total consideration of eight hundred and thirty five thousand pounds. The purchase was funded out of the company's distributable reserves. These shares were cancelled by the company during the period. The share purchase undertaken amounted to one hundred percent of the Ordinary "A" shares and twenty one percent of the total shareholding.

Going concern

Having reviewed the company's financial forecasts and expected future cash flows, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements for the year ended 28 February 2016.

On behalf of the board



Rupert Lee-Browne
Director

23 June 2016

CAXTON FX LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CAXTON FX LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Caxton FX Limited for the year ended 28 February 2016 set out on pages 6 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 28 February 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

CAXTON FX LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF CAXTON FX LIMITED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Hemen Doshi FCCA (Senior Statutory Auditor)
for and on behalf of Gerald Edelman

23 June 2016

Chartered Accountants
Statutory Auditor

73 Cornhill
London
EC3V 3QQ

CAXTON FX LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28 FEBRUARY 2016

	Notes	2016 £	2015 £
Turnover	3	838,726,836	857,079,940
Cost of sales		(831,762,164)	(849,838,702)
Gross profit		6,964,672	7,241,238
Administrative expenses		(7,459,287)	(6,237,469)
Operating (loss)/profit	4	(494,615)	1,003,769
Interest receivable and similar income	8	15,329	10,903
Interest payable and similar charges	9	(401,907)	(271,582)
(Loss)/profit before taxation		(881,193)	743,090
Taxation	10	199,015	(42,948)
(Loss)/profit for the financial year		(682,178)	700,142

The profit and loss account has been prepared on the basis that all operations are continuing operations.

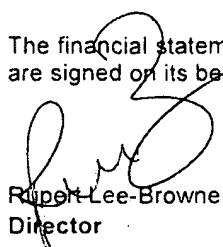
CAXTON FX LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 28 FEBRUARY 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Intangible assets	12	100,567		107,271	
Tangible assets	13	905,480		1,074,258	
		<u>1,006,047</u>		<u>1,181,529</u>	
Current assets					
Stocks	17	84,997		104,736	
Debtors	18	114,837,072		87,793,991	
Cash at bank and in hand		4,313,690		9,678,342	
		<u>119,235,759</u>		<u>97,577,069</u>	
Creditors: falling due within one year	19	<u>(114,257,262)</u>		<u>(91,206,320)</u>	
Net current assets		4,978,497		6,370,749	
Total assets less current liabilities		<u>5,984,544</u>		<u>7,552,278</u>	
Creditors: amounts falling due after more than one year	20	(4,942,684)		(4,910,305)	
Provisions for liabilities	21	57,083		(25,852)	
Net assets		<u>1,098,943</u>		<u>2,616,121</u>	
Capital and reserves					
Called up share capital	23	1,231		1,548	
Share premium account		83,085		180,499	
Capital redemption reserve		357		40	
Profit and loss reserves		1,014,270		2,434,034	
Equity attributable to owners of the parent company		<u>1,098,943</u>		<u>2,616,121</u>	

The financial statements were approved by the board of directors and authorised for issue on 23 June 2016 and are signed on its behalf by:


Rupert Lee-Browne
Director

CAXTON FX LIMITED

COMPANY BALANCE SHEET

AS AT 28 FEBRUARY 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Intangible assets	12	100,567		107,271	
Tangible assets	13	905,480		1,074,258	
Investments	14	50,000		50,000	
		<u>1,056,047</u>		<u>1,231,529</u>	
Current assets					
Stocks	17	84,997		104,736	
Debtors	18	114,837,072		87,793,991	
Cash at bank and in hand		4,302,871		9,168,797	
		<u>119,224,940</u>		<u>97,067,524</u>	
Creditors: falling due within one year	19	<u>(119,390,577)</u>		<u>(95,659,789)</u>	
Net current (liabilities)/assets			(165,637)		1,407,735
Total assets less current liabilities			<u>890,410</u>		<u>2,639,264</u>
Provisions for liabilities	21		57,083		(25,852)
Net assets			<u>947,493</u>		<u>2,613,412</u>
Capital and reserves					
Called up share capital	23		1,231		1,548
Share premium account			83,085		180,499
Capital redemption reserve			357		40
Profit and loss reserves			862,820		2,431,325
Total equity			<u>947,493</u>		<u>2,613,412</u>

The financial statements were approved by the board of directors and authorised for issue on 23 June 2016 and are signed on its behalf by:


Rupert Lee Browne
Director

Company Registration No. 04610337

CAXTON FX LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2016

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 March 2014		1,548	180,499	40	1,984,668	2,166,755
Period ended 28 February 2015:						
Profit and total comprehensive income for the year		-	-	-	700,142	700,142
Dividends	11	-	-	-	(250,776)	(250,776)
Balance at 28 February 2015		1,548	180,499	40	2,434,034	2,616,121
Period ended 28 February 2016:						
Loss and total comprehensive income for the year		-	-	-	(682,178)	(682,178)
Reduction of shares	23	(317)	(97,414)	-	-	(97,731)
Transfers		-	-	317	-	317
Other		-	-	-	(737,586)	(737,586)
Balance at 28 February 2016		1,231	83,085	357	1,014,270	1,098,943

CAXTON FX LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2016

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 March 2014		1,548	180,499	40	2,026,001	2,208,088
Period ended 28 February 2015:						
Profit and total comprehensive income for the year		-	-	-	656,100	656,100
Dividends	11	-	-	-	(250,776)	(250,776)
Balance at 28 February 2015		1,548	180,499	40	2,431,325	2,613,412
Period ended 28 February 2016:						
Loss and total comprehensive income for the year		-	-	-	(830,919)	(830,919)
Reduction of shares	23	(317)	(97,414)	-	-	(97,731)
Transfers		-	-	317	-	317
Other		-	-	-	(737,586)	(737,586)
Balance at 28 February 2016		1,231	83,085	357	862,820	947,493

CAXTON FX LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	29		(3,658,209)		2,415,082
Interest paid			(401,907)		(271,582)
Income taxes paid			(126,373)		(111,860)
Net cash (outflow)/inflow from operating activities			(4,186,489)		2,031,640
Investing activities					
Purchase of tangible fixed assets		(203,738)		(218,817)	
Interest received		15,329		10,903	
Net cash used in investing activities			(188,409)		(207,914)
Financing activities					
Purchase of own shares		(835,000)		-	
Repayment of borrowings		32,379		2,044,082	
Dividends paid to equity shareholders		-		(250,776)	
Net cash (used in)/generated from financing activities			(802,621)		1,793,306
Net (decrease)/increase in cash and cash equivalents			(5,177,519)		3,617,032
Cash and cash equivalents at beginning of year			9,491,209		5,874,177
Cash and cash equivalents at end of year			4,313,690		9,491,209
Relating to:					
Cash at bank and in hand			4,313,690		9,678,342
Bank overdrafts included in creditors payable within one year			-		(187,133)

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2016

1 Accounting policies

Company information

Caxton FX Limited is a company domiciled in England and Wales, registration number 04610337. The registered office is Portland House, Bressenden Place, London, SW1E 5BH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These group and company financial statements for the year ended 28 February 2016 are the first financial statements of Caxton FX Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 March 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 30.

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's loss for the year was £830,919 (2015 - £656,100 profit).

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Caxton FX Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 28 February 2016.

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

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

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2016

1 Accounting policies

(Continued)

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover represents the gross value of currency transactions undertaken by the group. 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. When the group 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 and counterparty at the maturity date is included in trade debtors and the corresponding liability is included in trade creditors.

1.5 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual installments over its estimated useful remaining economic life of 10 years.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Leasehold	Remaining life of lease
Computer equipment & software	3 - 7 years on cost
Fixtures, fittings & equipment	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Impairment of fixed assets

At each reporting end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2016

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value.

1.9 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2016

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2016

1 Accounting policies

(Continued)

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2016

1 Accounting policies

(Continued)

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.17 Share based Payments

FRS 102 Section 26: Share based Payments requires for share options to be fair valued at the date of grant and charged to the profit and loss account over the vesting period of the option. Any expense recognised is classified as a staff cost and the associated credit entry is made to option reserves.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. 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 underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016 £	2015 £
Turnover		
Gross currency transactions	838,726,836	857,079,940
	<u> </u>	<u> </u>
Other significant revenue		
Interest income	15,329	10,903
	<u> </u>	<u> </u>
Turnover analysed by geographical market		
	2016 £	2015 £
United Kingdom	838,726,836	857,079,940
	<u> </u>	<u> </u>

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2016

4 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Notional unrealised exchange movement	205,037	(160,919)
Depreciation of owned tangible fixed assets	372,516	371,613
Amortisation of intangible assets	6,704	6,704
Operating lease charges	367,964	236,670
	<u> </u>	<u> </u>

5 Auditors' remuneration

	2016 £	2015 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the group and company	36,000	28,536
For other services		
Other taxation services	1,300	1,500
Services relating to corporate finance transactions	4,620	33,684
	<u> </u>	<u> </u>
	41,920	63,720
	<u> </u>	<u> </u>

6 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2016 Number	2015 Number
Sales and marketing	36	29
Administration	66	49
	<u> </u>	<u> </u>
	102	78
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	3,655,701	2,915,137
Social security costs	394,773	306,033
Pension costs	15,881	-
	<u> </u>	<u> </u>
	4,066,355	3,221,170
	<u> </u>	<u> </u>

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2016

7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	544,167	476,667
Company pension contributions to defined contribution schemes	944	-
	<u>545,111</u>	<u>476,667</u>

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>185,000</u>	<u>170,833</u>
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8 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	<u>15,329</u>	<u>10,903</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>15,329</u>	<u>10,903</u>
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9 Interest payable and similar charges

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	38,500	9,087
Other interest	<u>363,407</u>	<u>262,495</u>
	<u>401,907</u>	<u>271,582</u>

10 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	(116,730)	125,723
Adjustments in respect of prior periods	<u>650</u>	<u>(92,262)</u>
Total current tax	<u>(116,080)</u>	<u>33,461</u>
Deferred tax		
Origination and reversal of timing differences	<u>(82,935)</u>	<u>9,487</u>
Total tax charge	<u>(199,015)</u>	<u>42,948</u>

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2016

10 Taxation

(Continued)

The charge for the year can be reconciled to the loss per the profit and loss account as follows:

	2016 £	2015 £
(Loss)/profit before taxation	(881,193)	743,090
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 21.00%)	(176,239)	156,049
Non deductible expenses	3,805	3,939
Tax losses available for utilisation	(56,789)	(26,779)
Tax losses added back	116,730	-
Adjustments to previous periods	650	(92,262)
Group relief	126	-
Capital allowances in excess of depreciation	(1,816)	(6,499)
Other tax adjustments	(2,547)	(987)
Tax expense for the year	(116,080)	33,461

11 Dividends

	2016 £	2015 £
Ordinary interim paid	-	250,776
	-	250,776

12 Intangible fixed assets

Group and company	Goodwill £
Cost	
At 1 March 2015 and 28 February 2016	134,087
Amortisation and impairment	
At 1 March 2015	26,816
Amortisation charged for the year	6,704
At 28 February 2016	33,520
Carrying amount	
At 28 February 2016	100,567
At 28 February 2015	107,271

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2016

13 Tangible fixed assets

Group and company	Fixtures, fittings & equipment £	Computer equipment & software £	Total £
Cost			
At 1 March 2015	54,257	1,833,295	1,887,552
Additions	55,126	148,612	203,738
Disposals	(8,072)	(425,863)	(433,935)
At 28 February 2016	101,311	1,556,044	1,657,355
Depreciation and impairment			
At 1 March 2015	32,861	780,433	813,294
Depreciation charged in the year	24,788	347,728	372,516
Eliminated in respect of disposals	(8,072)	(425,863)	(433,935)
At 28 February 2016	49,577	702,298	751,875
Carrying amount			
At 28 February 2016	51,734	853,746	905,480
At 28 February 2015	21,396	1,052,862	1,074,258

14 Fixed asset investments Company

	Notes	2016 £	2015 £
Investments in subsidiaries	15	50,000	50,000

15 Subsidiaries

Details of the company's subsidiaries at 28 February 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct Indirect
Caxton FX Bond Plc England & Wales	Bond holding	Ordinary shares	100.00

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2016

16 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	114,562,747	87,632,979	114,562,749	87,632,979
Equity instruments measured at cost less impairment	-	-	50,000	50,000
Carrying amount of financial liabilities				
Measured at amortised cost	119,085,179	95,897,651	119,275,810	95,450,458

17 Stocks

	Group 2016 £	2015 £	Company 2016 £	2015 £
Finished goods	84,997	104,736	84,997	104,736

The group's stocks comprise stock of cards.

18 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
Amounts falling due within one year:				
Trade debtors	114,440,549	87,503,957	114,440,549	87,503,957
Corporation tax recoverable	116,730	-	116,730	-
Other debtors	122,200	129,020	122,200	129,020
Prepayments and accrued income	157,593	161,014	157,593	161,014
	114,837,072	87,793,991	114,837,072	87,793,991

Included within other debtors is a balance of £112,200 (2015: £112,200) which falls due after more than one year.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2016

19 Creditors: falling due within one year

	Group 2016 £	2015 £	Company 2016 £	2015 £
Loans and overdrafts	-	187,133	-	187,133
Corporation tax payable	-	125,723	-	116,080
Other taxation and social security	114,767	93,251	114,767	93,251
Trade creditors	113,573,590	89,933,679	113,573,590	89,933,679
Amounts due to subsidiary undertakings	-	-	5,259,114	4,585,100
Other creditors	1,226	27,160	1,226	27,160
Accruals and deferred income	567,679	839,374	441,880	717,386
	<u>114,257,262</u>	<u>91,206,320</u>	<u>119,390,577</u>	<u>95,659,789</u>

20 Creditors: amounts falling due after more than one year

	Group 2016 £	2015 £	Company 2016 £	2015 £
Bond holders	4,985,000	5,000,000	-	-
Less: Unamortised costs	(42,316)	(89,695)	-	-
	<u>4,942,684</u>	<u>4,910,305</u>	<u>-</u>	<u>-</u>

Bonds are due to mature after 31 October 2018 with 6 months notice given by either party after that date.

Interest is payable to bond holders at the rate of 7.25% per annum. The interest is paid in arrears in six monthly intervals.

The company is entitled to repay any or all of the principal amount of the Caxton FX bonds together with any accrued interest thereon at anytime during the term of the Caxton FX bonds.

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities / (Assets) 2016 £	Liabilities / (Assets) 2015 £
Group and company		
Accelerated capital allowances	25,852	25,852
Tax losses	(82,935)	-
	<u>(57,083)</u>	<u>25,852</u>

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2016

21	Deferred taxation		(Continued)
			2016
	Movements in the year:		£
	Liability at 1 March 2015		25,852
	Tax losses		(82,935)
	Asset at 28 February 2016		<u>(57,083)</u>

22	Retirement benefit schemes	2016	2015
	Defined contribution schemes	£	£
	Charge to profit and loss in respect of defined contribution schemes	<u>15,881</u>	<u>-</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23	Share capital	2016	2015
	Ordinary share capital	£	£
	Issued and fully paid		
	123,050 Ordinary shares of 1p each	1,231	1,231
	31,750 "A" Ordinary shares of 1p each	-	317
		<u>1,231</u>	<u>1,548</u>

The Ordinary and "A" Ordinary shares have the same voting rights and participation on a winding up.

During the year, the company purchased thirty one thousand seven hundred and fifty of its Ordinary "A" shares. Full disclosure of this transaction is included within the directors report.

Certain employees hold options to subscribe for shares in the company under the share option schemes approved by the shareholders in October 2012. During the period, a number of options lapsed due to option holders leaving the employment of the company. Remaining are options on one thousand seven hundred and fifteen Ordinary shares and one thousand seven hundred and fifteen "A" Ordinary shares, exercisable for a consideration of eight pounds per share within a ten year period commencing in 2012.

The directors consider that the fair value of the options is comparable to the exercise price and therefore no charge has been made to the Profit & Loss Account.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2016

24 Financial commitments, guarantees and contingent liabilities

Company

The Company has provided a guarantee to meet the payment obligations of Caxton FX Bond Plc in connection with the Caxton FX bonds.

As at the year end, the amounts owed to bond holders including any accrued interest charge was £5,105,589 (2015: £5,119,178). Caxton FX Bond Plc is a wholly owned subsidiary undertaking.

25 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	330,000	330,000
Between two and five years	330,000	660,000
	<u>660,000</u>	<u>990,000</u>

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

	2016 £	2015 £
Directors emoluments	<u>545,111</u>	<u>476,667</u>

In addition, consultancy fees totalling £28,837 were paid to the non-executive directors.

No guarantees have been given or received.

27 Controlling party

The company is controlled by R Lee-Browne, a Director of the Company.

28 Client money

As at the year end the amounts held in designated client money accounts was £16,640,113 (2015: £38,136,462). These balances are not included in these financial statements.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2016

29	Cash generated from operations	2016 £	2015 £
	(Loss)/profit for the year after tax	(682,178)	700,142
	Adjustments for:		
	Taxation (credited)/charged	(199,015)	42,948
	Finance costs	401,907	271,582
	Investment income	(15,329)	(10,903)
	Amortisation and impairment of intangible assets	6,704	6,704
	Depreciation and impairment of tangible fixed assets	372,516	371,613
	Movements in working capital:		
	Decrease in stocks	19,739	39,979
	(Increase) in debtors	(26,926,351)	(19,658,735)
	Increase in creditors	23,363,798	20,651,752
	Cash (absorbed by)/generated from operations	<u>(3,658,209)</u>	<u>2,415,082</u>

30 Reconciliations on adoption of FRS 102

Reconciliation of equity - group

	1 March 2014 £	28 February 2015 £
Equity as reported under previous UK GAAP and under FRS 102	<u>2,166,755</u>	<u>2,616,121</u>

Reconciliation of profit or loss - group

	2015 £
or as reported under previous UK GAAP and under FRS 102	<u>700,142</u>

Notes to reconciliations on adoption of FRS 102 - group

The transition from UK GAAP to FRS 102 has not affected the reported financial position and financial performance.