

Company Registration No. 04610337 (England and Wales)

CAXTON FX LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2017

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CAXTON FX LIMITED

COMPANY INFORMATION

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

Secretary
Trevor Price

Company number
04610337

Registered office
Portland House
Bressenden Place
London
SW1E 5BH

Auditor
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 2017

The Directors present the strategic report and financial statements for the year ended 28 February 2017.

Strategic Review of the Business

In a market increasingly dominated by technological needs and developments, Caxton has continued to demonstrate itself as a profitable, robust yet innovative business. The strategy for growth that the board has implemented over the past three years is gaining traction as the investment in technology, allied with quality senior hires proves to have a significant positive impact on the success of the company. With a super-strong set of systems, processes and methodologies, backed up by our core values surrounding customer service, we continue to extend our market share in both international payments and currency cards.

During the year, the company has started to flex its technological muscles including introduction of blockchain to its core systems, the launch of new payment apps and development of straight-through promotion processing. Looking forwards, there will be greater focus on leveraging the platform for enterprise and e-commerce solutions and with an ever-increasing reliance on secure digital payments in all markets, the company believes it is ideally placed to take advantage of its position.

Financial highlights of the year include accelerated growth from -2% to 10%, an increase in operating profit from a £495K loss to a £1,168K profit and with underlying EBITDA (EBITDA adjusted for foreign exchange rate movements) at £1.2 million (2016: £0.1 million), the directors consider the financial results to be entirely satisfactory and in line with the strategic aims of the business.

	2017	2016	Growth	Growth %
Turnover	£926.1m	£838.7m	£87.3m	10%
Underlying EBITDA	£1.2m	£0.1m	£1.1m	1100%
Profit for the year	£0.6m	£(0.7m)	£1.3m	N/a

The results for the year are set out on page 7. The operating profit includes a notional gain from foreign exchange rate movements of £288k (2016: £205k loss). 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 2017). These exchange differences are included within the operating profit.

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 £44.4 million (2016: £114.9 million). This balance includes £44.0 million of trade debtors (2016: £114.4 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 £44.9 million (2016: £114.3 million). The directors do not foresee any problems in the group being able to meet these obligations as they fall due.

CAXTON FX LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

Key performance indicators

The directors foresee no liquidity risk for the coming financial year as the Group has substantial cash reserves amounting to £6.4 million (2016: £4.3 million).

On behalf of the Board



Trevor Price

Director

26 June 2017

CAXTON FX LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2017

The directors present their annual report and financial statements for the year ended 28 February 2017.

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
Roger Alexander
Timothy Cooke
Trevor Price

Results and dividends

The results for the year are set out on page 7.

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.

Auditor

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

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 group and company, 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;
- 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 responsible for keeping adequate accounting records that are sufficient to show and explain the group's 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. They 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.

Pillar 3 disclosures

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

CAXTON FX LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually 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 auditor of the company and group is aware of that information.

Issue of nil paid shares

On 28 February 2017, the company allotted 6,840 nil paid Ordinary "B" shares. These shares had a nominal value of one pence per share, totalling £68. The shares have the right to receive dividends but hold no voting rights nor any right to return of capital on winding up of the company.

Going concern

Having reviewed the group's financial forecasts and expected future cash flows, the directors have a reasonable expectation that the group 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 2017.

On behalf of the board



Trevor Price

Director

26 June 2017

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 2017 set out on pages 6 to 27. 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 auditor

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 2017 and of its profit 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, based on the work undertaken in the course of our audit, 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, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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

26 June 2017

Chartered Accountants
Statutory Auditor

73 Cornhill
London
EC3V 3QQ

CAXTON FX LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2017

	Notes	2017 £	2016 £
Turnover	3	926,054,495	838,726,836
Cost of sales		(917,709,647)	(831,762,164)
Gross profit		8,344,848	6,964,672
Administrative expenses		(7,176,753)	(7,459,287)
Operating profit/(loss)	4	1,168,095	(494,615)
Interest receivable and similar income	8	8,665	15,329
Interest payable and similar expenses	9	(393,787)	(401,907)
Profit/(loss) before taxation		782,973	(881,193)
Taxation	10	(140,224)	199,015
Profit/(loss) for the financial year		642,749	(682,178)
Other comprehensive income		-	-
Total comprehensive income for the year		642,749	(682,178)

Profit/(loss) for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

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

CAXTON FX LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 28 FEBRUARY 2017

		2017		2016 as restated	
	Notes	£	£	£	£
Fixed assets					
Goodwill	11		93,861		100,567
Tangible assets	12		606,313		905,480
			<u>700,174</u>		<u>1,006,047</u>
Current assets					
Stocks	15	66,323		84,997	
Debtors	17	44,432,138		114,894,155	
Cash at bank and in hand		6,375,757		4,313,690	
		<u>50,874,218</u>		<u>119,292,842</u>	
Creditors: amounts falling due within one year	18	<u>(44,905,546)</u>		<u>(114,257,262)</u>	
Net current assets			<u>5,968,672</u>		<u>5,035,580</u>
Total assets less current liabilities			<u>6,668,846</u>		<u>6,041,627</u>
Creditors: amounts falling due after more than one year	19		<u>(4,923,548)</u>		<u>(4,942,684)</u>
Provisions for liabilities	20		<u>(3,606)</u>		<u>-</u>
Net assets			<u><u>1,741,692</u></u>		<u><u>1,098,943</u></u>
Capital and reserves					
Called up share capital	22		1,231		1,231
Share premium account			180,499		180,499
Capital redemption reserve			357		357
Profit and loss reserves			<u>1,559,605</u>		<u>916,856</u>
Total equity			<u><u>1,741,692</u></u>		<u><u>1,098,943</u></u>

The financial statements were approved by the board of directors and authorised for issue on 26 June 2017 and are signed on its behalf by:



Trevor Price
Director

CAXTON FX LIMITED

COMPANY BALANCE SHEET

AS AT 28 FEBRUARY 2017

	Notes	2017 £	2016 as restated £
Fixed assets			
Goodwill	11	93,861	100,567
Tangible assets	12	606,313	905,480
Investments	13	50,089	50,000
		<u>750,263</u>	<u>1,056,047</u>
Current assets			
Stocks	15	66,323	84,997
Debtors	17	44,432,138	114,894,155
Cash at bank and in hand		6,366,944	4,302,871
		<u>50,865,405</u>	<u>119,282,023</u>
Creditors: amounts falling due within one year	18	<u>(50,140,418)</u>	<u>(119,390,577)</u>
Net current assets/(liabilities)		<u>724,987</u>	<u>(108,554)</u>
		<u>1,475,250</u>	<u>947,493</u>
Provisions for liabilities	20	<u>(3,606)</u>	<u>-</u>
Net assets		<u>1,471,644</u>	<u>947,493</u>
Capital and reserves			
Called up share capital	22	1,231	1,231
Share premium account		180,499	180,499
Capital redemption reserve		357	357
Profit and loss reserves		1,289,557	765,406
Total equity		<u>1,471,644</u>	<u>947,493</u>

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income and related notes. The Company's profit for the year was £524,151 (2016 - £830,919 loss).

The financial statements were approved by the board of directors and authorised for issue on 26 June 2017 and are signed on its behalf by:



Trevor Price
Director

Company Registration No. 04610337

CAXTON FX LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2017

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
As restated for the period ended 28 February 2016:						
Balance at 1 March 2015		1,548	180,499	40	2,434,034	2,616,121
Year ended 28 February 2016:						
Loss and total comprehensive income for the year		-	-	-	(682,178)	(682,178)
Transfers		-	-	317	-	317
Reduction of shares		(317)	(97,414)	-	-	(97,731)
Other movements		-	-	-	(737,586)	(737,586)
Prior year adjustment	29	-	97,414	-	(97,414)	-
Balance at 28 February 2016		1,231	180,499	357	916,856	1,098,943
Year ended 28 February 2017:						
Profit and total comprehensive income for the year		-	-	-	642,749	642,749
Balance at 28 February 2017		1,231	180,499	357	1,559,605	1,741,692

CAXTON FX LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2017

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
As restated for the period ended 28 February 2016:						
Balance at 1 March 2015		1,548	180,499	40	2,431,325	2,613,412
Year ended 28 February 2016:						
Loss and total comprehensive income for the year		-	-	-	(830,919)	(830,919)
Transfers		-	-	317	-	317
Reduction of shares		(317)	(97,414)	-	-	(97,731)
Other movements		-	-	-	(737,586)	(737,586)
Prior year adjustment	29	-	97,414	-	(97,414)	-
Balance at 28 February 2016		1,231	180,499	357	765,406	947,493
Year ended 28 February 2017:						
Profit and total comprehensive income for the year		-	-	-	524,151	524,151
Balance at 28 February 2017		1,231	180,499	357	1,289,557	1,471,644

CAXTON FX LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	28		2,368,376		(3,658,209)
Interest paid			(393,787)		(401,907)
Income taxes refunded/(paid)			108,881		(126,373)
Net cash inflow/(outflow) from operating activities			2,083,470		(4,186,489)
Investing activities					
Purchase of tangible fixed assets		(10,932)		(203,738)	
Interest received		8,665		15,329	
Net cash used in investing activities			(2,267)		(188,409)
Financing activities					
Purchase of own shares		-		(835,000)	
Repayment of borrowings		(19,136)		32,379	
Net cash used in financing activities			(19,136)		(802,621)
Net increase/(decrease) in cash and cash equivalents			2,062,067		(5,177,519)
Cash and cash equivalents at beginning of year			4,313,690		9,491,209
Cash and cash equivalents at end of year			6,375,757		4,313,690

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

1 Accounting policies

Company information

Caxton FX Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Portland House, Bressenden Place, London, SW1E 5BH.

The group consists of Caxton FX Limited and all of its subsidiaries.

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 under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, 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. Investments in subsidiaries are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Caxton FX Limited and all of its subsidiaries (ie 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 2017. 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.

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.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group 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.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

1 Accounting policies

(Continued)

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 instalments 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:

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 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting period 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 2017

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) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

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

1.10 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.

1.11 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 balance sheet 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 debtors 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. Financial assets classified as receivable within one year are not amortised.

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 publicly 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 2017

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 creditors, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors 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.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.12 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.

1.13 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.

1.14 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.

1.15 Retirement benefits

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

1.16 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 2017

1 Accounting policies

(Continued)

1.17 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.

1.18 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:

	2017 £	2016 £
Turnover		
Gross currency transactions	926,054,495	838,726,836

Turnover analysed by geographical market

	2017 £	2016 £
United Kingdom	926,054,495	838,726,836

4 Operating profit/(loss)

	2017 £	2016 £
Operating profit/(loss) is stated after charging/(crediting):		
Notional unrealised exchange movement	(287,664)	205,037
Depreciation of owned tangible fixed assets	310,099	372,516
Amortisation of intangible assets	6,706	6,704
Operating lease charges	455,015	367,964

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2017

5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	38,100	36,000
For other services		
Taxation compliance services	1,500	1,300
Services relating to corporate finance transactions	4,500	4,620
	6,000	5,920

6 Employees

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

	2017 Number	2016 Number
Sales and marketing	35	36
Administration	65	66
	100	102

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	3,983,102	3,655,701
Social security costs	432,313	394,773
Pension costs	20,420	15,881
	4,435,835	4,066,355

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	428,269	544,167
Company pension contributions to defined contribution schemes	742	944
	429,011	545,111

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

7 Directors' remuneration (Continued)

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

Remuneration for qualifying services	185,000	185,000
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8 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	8,665	15,329

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	8,665	15,329
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9 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	34,033	38,500
Other interest on financial liabilities	359,754	363,407
	393,787	401,907

10 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	71,687	(116,730)
Adjustments in respect of prior periods	-	650
Other taxes	7,848	-
Total current tax	79,535	(116,080)
Deferred tax		
Origination and reversal of timing differences	60,689	(82,935)
Total tax charge/(credit)	140,224	(199,015)

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2017

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit/(loss) before taxation	782,973	(881,193)
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	156,595	(176,239)
Tax effect of expenses that are not deductible in determining taxable profit	11,470	3,805
Tax effect of utilisation of tax losses not previously recognised	(88,613)	(56,789)
Unutilised tax losses carried forward	-	116,730
Adjustments in respect of prior years	-	650
Group relief	-	126
Permanent capital allowances in excess of depreciation	(7,764)	(1,816)
Other tax adjustments	7,847	(2,547)
Deferred tax movement	60,689	(82,935)
Tax expense for the year	140,224	(199,015)

11 Intangible fixed assets

Group and company	Goodwill £
Cost	
At 29 February 2016 and 28 February 2017	134,087
Amortisation and impairment	
At 29 February 2016	33,520
Amortisation charged for the year	6,706
At 28 February 2017	40,226
Carrying amount	
At 28 February 2017	93,861
At 28 February 2016	100,567

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2017

12 Tangible fixed assets

Group and company	Fixtures, fittings & equipment £	Computer equipment & software £	Total £
Cost			
At 29 February 2016	101,311	1,556,044	1,657,355
Additions	2,052	8,880	10,932
At 28 February 2017	103,363	1,564,924	1,668,287
Depreciation and impairment			
At 29 February 2016	49,577	702,298	751,875
Depreciation charged in the year	19,905	290,194	310,099
At 28 February 2017	69,482	992,492	1,061,974
Carrying amount			
At 28 February 2017	33,881	572,432	606,313
At 28 February 2016	51,734	853,746	905,480

13 Fixed asset investments

	Notes	Company 2017 £	2016 £
Investments in subsidiaries	14	50,089	50,000
		50,089	50,000

14 Subsidiaries

Details of the company's subsidiaries at 28 February 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Caxton FX Bond PLC	England and Wales	Bond holding	Ordinary	100.00
Caxton FX Ireland Limited	Republic of Ireland	Dormant	Ordinary	100.00

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2017

15 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Finished goods	66,323	84,997	66,323	84,997

The group's stocks comprise stock of cards.

16 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	44,179,451	114,562,749	44,179,451	114,562,749
Equity instruments measured at cost less impairment	-	-	50,089	50,000
Carrying amount of financial liabilities				
Measured at amortised cost	49,611,840	119,085,179	49,952,835	119,275,810

17 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts falling due within one year:				
Trade debtors	44,038,900	114,440,549	44,038,900	114,440,549
Corporation tax recoverable	-	116,730	-	116,730
Other debtors	140,551	122,200	140,551	122,200
Prepayments and accrued income	252,687	157,593	252,687	157,593
	44,432,138	114,837,072	44,432,138	114,837,072
Deferred tax asset (note 20)	-	57,083	-	57,083
	44,432,138	114,894,155	44,432,138	114,894,155

Included within other debtors is a balance of £113,361 (2016: £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 2017

18 Creditors: amounts falling due within one year

	Group 2017 £	2016 £	Company 2017 £	2016 £
Corporation tax payable	71,686	-	42,015	-
Other taxation and social security	145,568	114,767	145,568	114,767
Trade creditors	43,815,227	113,573,590	43,815,227	113,573,590
Amounts due to subsidiary undertakings	-	-	5,392,378	5,259,114
Other creditors	1,995	1,226	1,995	1,226
Accruals and deferred income	871,070	567,679	743,235	441,880
	<u>44,905,546</u>	<u>114,257,262</u>	<u>50,140,418</u>	<u>119,390,577</u>

19 Creditors: amounts falling due after more than one year

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bond holders	4,950,000	4,985,000	-	-
Less: Unamortised costs	(26,452)	(42,316)	-	-
	<u>4,923,548</u>	<u>4,942,684</u>	<u>-</u>	<u>-</u>

Bonds are due to mature after 31 October 2018 with 6 months notice required for redemption 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.

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities / (Assets) 2017 £	Liabilities / (Assets) 2016 £	Assets 2017 £	Assets 2016 £
Group and company				
Accelerated capital allowances	3,606	-	-	(25,852)
Tax losses	-	-	-	82,935
	<u>3,606</u>	<u>-</u>	<u>-</u>	<u>57,083</u>

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2017

20 Deferred taxation (Continued)

	2017 £
Movements in the year:	
Liability/(Asset) at 29 February 2016	(57,083)
Charge to profit or loss	60,689
Liability at 28 February 2017	<u>3,606</u>

21 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit and loss in respect of defined contribution schemes	<u>20,420</u>	<u>15,881</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.

22 Share capital

	Group and company	
	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
123,050 Ordinary shares of 1p each	1,231	1,231
Allotted and nil paid		
6,840 "B" Ordinary shares of 1p each	-	-

During the year, the company allotted a total of six thousand eight hundred and forty nil paid Ordinary "B" shares. Full disclosure of this transaction is included within the directors report.

One employee holds options to subscribe for shares in the company under the share option schemes approved by the shareholders in October 2012, comprising one thousand seven hundred and fifteen Ordinary shares and a parallel option over 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 statement of comprehensive income.

23 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 £5,069,978 (2016: £5,105,589). Caxton FX Bond Plc is a wholly owned subsidiary undertaking.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2017

24 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:

	2017 £	2016 £
Not later than one year	431,200	330,000
Later than one year and not later than five years	898,333	660,000
	<u>1,329,533</u>	<u>990,000</u>

25 Related party transactions

Remuneration of key management personnel

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

	2017 £	2016 £
Directors emoluments	<u>429,011</u>	<u>545,111</u>

In addition, consultancy fees totalling £31,510 (2016: £28,837) were paid to the non-executive directors.

No guarantees have been given or received.

26 Controlling party

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

27 Client money

As at the year end the amounts held in designated client money accounts was £23,973,923 (2016: £16,640,113). These balances are not included in these financial statements.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 28 FEBRUARY 2017

28 Cash generated from group operations

	2017 £	2016 £
Profit/(loss) for the year after tax	642,749	(682,178)
Adjustments for:		
Taxation charged/(credited)	140,224	(199,015)
Finance costs	393,787	401,907
Investment income	(8,665)	(15,329)
Amortisation of intangible assets	6,706	6,704
Depreciation of tangible fixed assets	310,099	372,516
Movements in working capital:		
Decrease in stocks	18,674	19,739
Decrease/(increase) in debtors	70,288,204	(26,926,351)
(Decrease)/increase in creditors	(69,423,402)	23,363,798
Cash generated from/(absorbed by) operations	2,368,376	(3,658,209)

29 Prior period adjustment

The prior year adjustment relates to the company's purchase of own shares in the previous year. An amount of £97,414 was incorrectly debited against share premium as opposed to distributable reserves.