

Caxton FX Limited

Annual Report and Financial Statements

For the year ended 28 February 2020



Company Registration No. 4610337 (England and Wales)

Caxton FX Limited

Company Information

Directors	R K Alexander T M Cooke R A Lee-Browne J E Peerless T S Price
Secretary	T S Price
Company number	4610337
Registered office	30 St Mary Axe London EC3A 8BF
Auditor	Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD

Caxton FX Limited

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Caxton FX Limited

Strategic Report

For the year ended 28 February 2020

The board of directors ('the directors') present the group strategic report and financial statements for the year ended 28 February 2020.

Strategic review of the business

The Caxton Group continues to demonstrate itself as an innovative and profitable business. The investment in new proprietary technology is clearly demonstrating its value as the company takes advantage of the platform for enterprise and e-commerce solutions. Caxton FX Limited ('the company') continues to believe it is ideally placed to capitalise on its position, with a strong and stable team right the way through the organisation.

The company continues to trade profitably whilst broadly maintaining revenue levels. EBITDA (adjusted for foreign exchange rate movements and non-recurring internal restructuring costs) reduced by 33% to £2.0 million (2019: £3.0 million).

	2020	2019
Revenue	£13.6m	£14.1m
Underlying EBITDA	£2.0m	£3.0m

The results for the year are set out on page 9. The operating profit includes a loss from foreign exchange rate movements of £88,655 (2019: £3,709) of which £62,521 is unrealised. 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 2020). 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 group for the foreseeable future.

Counterparty risk is also significant to the business as the group relies on third party institutions in order to trade and clear settlement funds through client accounts. The group has established trading and settlement lines with institutional counterparties and monitors this risk on an ongoing basis to ensure any withdrawal of services from a banking provider will have a negligible effect on the business.

The directors foresee no liquidity risk for the coming financial year as the group has cash reserves amounting to £2.9 million (2019: £4.9 million).

Development and performance

The group's debtors' amount to £42.3 million (2019: £37.8 million). This balance includes £41.1 million of trade debtors (2019: £35.5 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 £41.7 million (2019: £36.3 million). The directors do not foresee any problems in the group being able to meet these obligations as they fall due.

COVID-19

As at the date of approval of the financial statements, the directors are continuing to assess the impact of the outbreak of COVID-19 and the measures taken to contain it on the group's activities. COVID-19 is a non-adjusting event occurring after the reporting date of 28 February 2020 and consequently no adjustment has been made to the financial statements as a result of its impact. At the date of approval of the financial statements, the estimated impact on the value of the group's asset base has not been able to be quantified. While the overall effect of COVID-19 on the group cannot be established at this time, the directors do not believe that it will affect the ability of the group to continue its operations and meet its liabilities as they fall due.

Caxton FX Limited

Strategic Report (Continued)

For the year ended 28 February 2020

Key performance indicators

The group's main key performance indicators have been analysed in the strategic review of the business section.

Statement by the directors relating to their statutory duties under section 172(1) of the Companies Act 2006

The directors, in line with their duties under s172 of the Companies Act 2006, act individually and collectively in the way they consider, in good faith, would be most likely to promote the success of the group for the benefit of its member, and in doing so have regard, amongst other matters, to the:

- Likely consequences of any decision in the long term;
- Interests of the group's employees;
- Need to foster the group's business relationships with suppliers, customers and others;
- Impact of the group's operations on the community and the environment;
- Desirability of the group maintaining a reputation for high standards of business conduct;
- Need to act fairly as between members of the group.

Stakeholders

The board understands the importance of engagement with all of its stakeholders and gives appropriate weighting to the outcome of its decisions for the relevant stakeholder in weighing up how best to promote the success of the group. The board regularly discusses issues concerning customers, suppliers, employees, community and environment, regulators and its shareholder, which it takes into account in its discussions and in its decision-making process. In addition to this, the board seeks to understand the interests and views of the group's stakeholders by engaging with them directly when required. The below summarises the key stakeholders and how we engage with each:

Customers

The board is in regular contact with existing and potential customers, to obtain feedback on matters such as product quality and customer service. The group's customer relations team is critical to ensuring long term customer satisfaction through communication and product improvement.

Suppliers

We work with a range of suppliers and remain committed to being fair and transparent in our dealings with all of our suppliers. Suppliers are generally relevant to the whole group and the group has, where relevant, procedures in place requiring due diligence of suppliers as to their internal governance, including for example, their anti-bribery and corruption practices, data protection policies and modern slavery matters. The group has systems and processes in place to ensure suppliers are paid in a timely manner.

Employees

The group has a well-established management reporting structure which encourages employee engagement in an open working environment. The board is responsible for ensuring that this structure enables effective communication and feedback between employees and management.

Community and environment

The board is aware of the the impact its activities can have on the environment, and is committed to minimising our environmental footprint.

Caxton FX Limited

Strategic Report (Continued)

For the year ended 28 February 2020

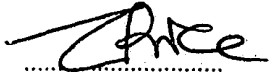
Regulators

We work with our regulators in an open and proactive manner to help develop processes and controls that meet the needs of all our stakeholders. The board's intention is to behave responsibly and to ensure that the management team operates the business in a responsible manner, acting with the high standards and good governance expected of a regulated business like ours. In doing so, we believe we will achieve our long-term business strategy and further develop our reputation in our sector.

Shareholder

The board also seeks to behave in a responsible manner towards our one shareholder. The board communicates information relevant to its shareholder, such as its financial reporting.

On behalf of the board



.....
T S Price
Director
.....

23 August 2020

Caxton FX Limited

Directors' Report

For the year ended 28 February 2020

The directors present their annual report and financial statements for the year ended 28 February 2020.

Principal activities

The principal activity of the company and group continued to be 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:

R K Alexander
T M Cooke
R A Lee-Browne
J E Peerless
T S Price

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £1,501,210. The directors do not recommend payment of a further dividend.

Future developments

The board's strategy is to continue to build upon its existing business and client relationships, and continue to build functionality into the core trading platform and ancillary products and services. Greater emphasis on new marketing initiatives, routes to market, and content are intended to grow transactions volumes and clients numbers while ensuring the group remains competitive during the current global health pandemic and its impact on the wider economy.

Auditor

Moore Kingston Smith LLP were appointed as auditor to the group and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

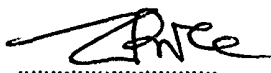
Statement of disclosure to auditor

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 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 is aware of that information.

Pillar 3 disclosures

The disclosures required under the Capital Requirements Directive, known as Pillar 3 disclosures, can be obtained from the Company's offices at 30 St Mary Axe, London, England, EC3A 8BF.

On behalf of the board



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T S Price

Director

Date: 23 AUGUST 2020

Caxton FX Limited

Directors' Responsibilities Statement

For the year ended 28 February 2020

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.

Caxton FX Limited

Independent Auditor's Report

To the Members of Caxton FX Limited

Opinion

We have audited the financial statements of Caxton FX Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 28 February 2020 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2020 and of its 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Caxton FX Limited

Independent Auditor's Report (Continued)

To the Members of Caxton FX Limited

Opinions on other matters 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.

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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Caxton FX Limited

Independent Auditor's Report (Continued)

To the Members of Caxton FX Limited

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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.

MOORE Kingston Smith LLP

Thomas Moore (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

Chartered Accountants
Statutory Auditor

24 August 2020
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Devonshire House
60 Goswell Road
London
EC1M 7AD

Caxton FX Limited

Group Statement of Comprehensive Income

For the year ended 28 February 2020

	Notes	2020 £	2019 £
Revenue	3	13,636,709	14,109,715
Cost of sales		(2,829,106)	(3,639,081)
Gross profit		10,807,603	10,470,634
Administrative expenses (excluding amortisation, depreciation, foreign exchange differences and non recurring restructuring expenses)		(8,760,610)	(7,463,445)
Underlying EBITDA (earnings before interest, taxation, depreciation and amortisation)		2,046,993	3,007,189
Amortisation		(6,704)	(6,704)
Depreciation		(1,033,311)	(876,613)
Foreign exchange differences		(88,655)	(3,709)
Non recurring restructuring expenses		(366,866)	-
Operating profit	4	551,457	2,120,163
Interest receivable and similar income	8	116,592	-
Interest payable and similar expenses	9	(524,971)	(369,858)
Profit before taxation		143,078	1,750,305
Tax on profit	10	189,969	(779,496)
Profit for the financial year	27	333,047	970,809

Profit 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.

Caxton FX Limited

Group Balance Sheet

As at 28 February 2020

		2020		2019 as restated	
	Notes	£	£	£	£
Fixed assets					
Goodwill	12		73,749		80,453
Tangible assets	13		4,471,840		2,833,870
Investments	14		-		89
			<u>4,545,589</u>		<u>2,914,412</u>
Current assets					
Stocks	17	44,333		29,519	
Debtors	18	42,315,883		37,799,554	
Cash at bank and in hand		2,922,217		4,903,978	
		<u>45,282,433</u>		<u>42,733,051</u>	
Creditors: amounts falling due within one year	20	(41,658,930)		(36,269,907)	
Net current assets			<u>3,623,503</u>		<u>6,463,144</u>
Total assets less current liabilities			<u>8,169,092</u>		<u>9,377,556</u>
Creditors: amounts falling due after more than one year	21		(4,810,552)		(4,829,321)
Provisions for liabilities	22		(652,654)		(595,445)
Net assets			<u><u>2,705,886</u></u>		<u><u>3,952,790</u></u>
Capital and reserves					
Called up share capital	26		1,231		1,231
Share premium account	27		180,499		180,499
Capital redemption reserve	27		357		357
Profit and loss reserves	27		2,523,799		3,770,703
Total equity			<u><u>2,705,886</u></u>		<u><u>3,952,790</u></u>

The financial statements were approved by the board of directors and authorised for issue on 23 August 2020 and are signed on its behalf by:



T S Price
Director

Caxton FX Limited

Company Balance Sheet

As at 28 February 2020

		2020		2019 as restated	
	Notes	£	£	£	£
Fixed assets					
Goodwill	12		73,749		80,453
Tangible assets	13		4,471,840		2,833,870
Investments	14		50,089		50,089
			<u>4,595,678</u>		<u>2,964,412</u>
Current assets					
Stocks	17	44,333		29,519	
Debtors	18	42,249,698		37,799,554	
Cash at bank and in hand		<u>2,792,286</u>		<u>4,894,687</u>	
		45,086,317		42,723,760	
Creditors: amounts falling due within one year	20	<u>(46,025,481)</u>		<u>(41,560,120)</u>	
Net current (liabilities)/assets			<u>(939,164)</u>		<u>1,163,640</u>
Total assets less current liabilities			<u>3,656,514</u>		<u>4,128,052</u>
Creditors: amounts falling due after more than one year	21		(758,552)		-
Provisions for liabilities	22		<u>(652,654)</u>		<u>(595,445)</u>
Net assets			<u><u>2,245,308</u></u>		<u><u>3,532,607</u></u>
Capital and reserves					
Called up share capital	26		1,231		1,231
Share premium account	27		180,499		180,499
Capital redemption reserve	27		357		357
Profit and loss reserves	27		<u>2,063,221</u>		<u>3,350,520</u>
Total equity			<u><u>2,245,308</u></u>		<u><u>3,532,607</u></u>

Caxton FX Limited

Company Balance Sheet (Continued)

As at 28 February 2020

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £292,652 (2019 - £908,440 profit).

The financial statements were approved by the board of directors and authorised for issue on 23 August 2020 and are signed on its behalf by:



T S Price
Director

Company Registration No. 04610337

Caxton FX Limited

Group Statement of Changes in Equity

For the year ended 28 February 2020

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
As restated for the period ended 28 February 2019:						
Balance at 1 March 2018		1,231	180,499	357	3,550,499	3,732,586
Year ended 28 February 2019:						
Profit and total comprehensive income for the year		-	-	-	970,809	970,809
Dividends	11	-	-	-	(750,605)	(750,605)
Balance at 28 February 2019		1,231	180,499	357	3,770,703	3,952,790
Year ended 28 February 2020:						
Profit and total comprehensive income for the year		-	-	-	333,047	333,047
Dividends	11	-	-	-	(1,501,210)	(1,501,210)
Redemption of shares	26	-	-	-	(78,741)	(78,741)
Balance at 28 February 2020		1,231	180,499	357	2,523,799	2,705,886

Caxton FX Limited

Company Statement of Changes in Equity

For the year ended 28 February 2020

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
As restated for the period ended 28 February 2019:						
Balance at 1 March 2018		<u>1,231</u>	<u>180,499</u>	<u>357</u>	<u>3,192,685</u>	<u>3,374,772</u>
Year ended 28 February 2019:						
Profit and total comprehensive income for the year		-	-	-	908,440	908,440
Dividends	11	-	-	-	(750,605)	(750,605)
Balance at 28 February 2019		<u>1,231</u>	<u>180,499</u>	<u>357</u>	<u>3,350,520</u>	<u>3,532,607</u>
Year ended 28 February 2020:						
Profit and total comprehensive income for the year		-	-	-	292,652	292,652
Dividends	11	-	-	-	(1,501,210)	(1,501,210)
Redemption of shares	26	-	-	-	(78,741)	(78,741)
Balance at 28 February 2020		<u>1,231</u>	<u>180,499</u>	<u>357</u>	<u>2,063,221</u>	<u>2,245,308</u>

Caxton FX Limited

Group Statement of Cash Flows

For the year ended 28 February 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	34	3,398,705		5,676,739	
Interest paid		(524,971)		(369,858)	
Income taxes paid		(249,401)		(129,296)	
Net cash inflow from operating activities		<u>2,624,333</u>		<u>5,177,585</u>	
Investing activities					
Purchase of tangible fixed assets		(2,671,281)		(1,346,984)	
Interest received		116,592		-	
Net cash used in investing activities		<u>(2,554,689)</u>		<u>(1,346,984)</u>	
Financing activities					
Redemption of shares		(78,741)		-	
Issue of debentures		-		84,321	
Repayment of debentures		(463,000)		-	
Dividends paid to equity shareholders		(1,501,210)		(750,605)	
Net cash used in financing activities		<u>(2,042,951)</u>		<u>(666,284)</u>	
Net (decrease)/increase in cash and cash equivalents		<u>(1,973,307)</u>		<u>3,164,317</u>	
Cash and cash equivalents at beginning of year		<u>4,895,524</u>		<u>1,731,207</u>	
Cash and cash equivalents at end of year		<u><u>2,922,217</u></u>		<u><u>4,895,524</u></u>	
Relating to:					
Cash at bank and in hand		2,922,217		4,903,978	
Bank overdrafts included in creditors payable within one year		-		(8,454)	

Caxton FX Limited

Notes to the Financial Statements

For the year ended 28 February 2020

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 30 St Mary Axe, London, EC3A 8BF.

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.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

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, joint ventures and associates are accounted for at cost less impairment.

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

1 Accounting policies

(Continued)

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 2020. 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 are continuing to assess the impact of the outbreak of COVID-19 and the measures taken to contain it on the group's activities. COVID-19 is a non-adjusting event occurring after the reporting date of 28 February 2020 and consequently no adjustment has been made to the financial statements as a result of its impact. At the date of approval of the financial statements, the estimated impact on the value of the group's asset base has not been able to be quantified. While the overall effect of COVID-19 on the group cannot be established at this time, the directors do not believe that it will affect the ability of the group to continue its operations and meet its liabilities as they fall due.

In the opinion of the directors the group is a going concern with sufficient liquidity to cope with the current and expected future trading environment. In addition, the group continues to perform satisfactorily, despite the challenging conditions created by the current global health pandemic, and has sufficient financial resources to meet operational and regulatory requirements. Since the balance sheet date the group has also raised further finance by issuing £300,227 of new corporate bonds (see note 30).

1.4 Turnover

Revenue represents the net value of the currency transactions undertaken by the group and the fees charged to customers for utilisation of prepaid cards. Purchases of currency from the group's institutional counterparties are netted off against turnover to produce net revenue.

Revenue is recognised when a binding contract is entered into by a client, the profit is fixed, determined and it is probable that the economic benefits will flow to the group. When the group enters into a contract for a forward delivery with a client it also enters into a separate matched forward contract with its bankers.

Where the group enters into contracts for forward delivery with its clients, the group also enters into separate matched forward contracts with its institutional counterparties. Wherever contracts for forward delivery are open at the year end, a contract with a positive fair value is recognised as a financial asset, whereas a contract with a negative fair value is recognised as a financial liability.

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

1 Accounting policies

(Continued)

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

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:

Fixtures and fittings	4 years straight line
Computers	3-7 years 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.

Computer software is now written off over five years, compared to three years in the prior period. This change in accounting estimate has been applied prospectively resulting in a reduction to the depreciation charge for the period of £104,977.

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.

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

1 Accounting policies

(Continued)

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.

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 estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

1 Accounting policies

(Continued)

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.

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.

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

1 Accounting policies

(Continued)

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 payments 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.

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 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

1 Accounting policies

(Continued)

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.14 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.

1.15 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

1 Accounting policies

(Continued)

1.16 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.

1.17 Retirement benefits

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

1.18 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. Initial direct costs directly attributable to obtaining a lease are included as prepayments and released to the profit and loss account over the term of the lease.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.19 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.

1.20 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.21 Client money

The company holds funds behalf of some clients in accordance with the Client Money rules of the Financial Conduct Authority. Such client monies and the corresponding amounts due to client are not shown on the face of the Balance Sheet as the company is not beneficially entitled thereto.

The company also holds funds on behalf of some clients in accordance with the Payment Services Regulation. Such client funds and the corresponding amounts due to clients are not shown on the face of the Balance Sheet as the company is not beneficially entitled thereto.

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

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.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful economic life of tangible assets

Technology within the financial services sector is in a perpetual state of development and evolution, providing uncertainty over the useful economic life of the group's bespoke trading platform. As noted in note 1.6 the directors have determined that the useful economic life of the group's software is five years and amended the accounting estimate applied to these fixed assets during the period to better reflect the expected usage of these assets. This change in accounting estimate results from new information or new developments and, accordingly, is not a correction of errors.

Incremental costs of obtaining a lease

The group incurs incremental costs that are directly attributable to negotiating and arranging certain leases. Where the directors have determined these initial direct costs are directly attributable to obtaining a lease they are included as prepayments and released to the profit and loss account over the term of the lease. Any costs that are incurred whether a lease was entered into or not, are not directly attributable and expensed as incurred.

Bond issue costs

Transaction costs are incurred by the group when issuing bonds to investors and include fees paid to agents and advisers. Where the directors determine the costs are incremental and directly attributable to the transaction they are included as prepayments and released to the profit and loss account over the term of the underlying bonds.

Classification of computer software

The group incurs development costs to create software that is used as part of the core trading activities and held for use in the supply of services to clients. No guidance is given in FRS 102 as to the appropriate treatment of software costs and evaluation is required to determine whether the trading platform is a tangible or intangible fixed asset. While the coding has no physical form, the directors are of the opinion coding by itself has no ongoing use and has instead been developed as an integral part of the hardware and systems which are used to run the group's business. Therefore, costs incurred on the development of software for the group's trading platform and client interfaces should be capitalised as a tangible fixed assets.

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

3 Turnover and other revenue

	2020 £	2019 £
Turnover analysed by class of business		
Currency services	13,636,709	14,109,715
	<u> </u>	<u> </u>
	2020 £	2019 £
Other significant revenue		
Interest income	116,592	-
	<u> </u>	<u> </u>
	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	13,636,709	14,109,715
	<u> </u>	<u> </u>

4 Operating profit

	2020 £	2019 £
Operating profit for the year is stated after charging:		
Exchange losses	88,655	3,709
Depreciation of owned tangible fixed assets	1,033,311	876,613
Amortisation of intangible assets	6,704	6,704
Operating lease charges	588,767	493,302
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	38,400	32,905
	<u> </u>	<u> </u>
For other services		
Other assurance services	19,200	16,765
Taxation compliance services	3,000	6,000
All other non-audit services	-	4,090
	<u> </u>	<u> </u>
	22,200	26,855
	<u> </u>	<u> </u>

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

6 Employees

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

	Group 2020 Number	2019 Number	Company 2020 Number	2019 Number
Sales and marketing	40	35	40	35
Administration	58	54	58	54
	<u>98</u>	<u>89</u>	<u>98</u>	<u>89</u>

Their aggregate remuneration comprised:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Wages and salaries	4,663,475	4,293,823	4,663,475	4,293,823
Social security costs	532,110	484,490	532,110	484,490
Pension costs	170,763	106,289	170,763	106,289
	<u>5,366,348</u>	<u>4,884,602</u>	<u>5,366,348</u>	<u>4,884,602</u>

7 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	553,904	661,670
Company pension contributions to defined contribution schemes	30,869	25,954
	<u>584,773</u>	<u>687,624</u>

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

	2020 £	2019 £
Remuneration for qualifying services	192,500	185,000
Company pension contributions to defined contribution schemes	17,500	-
	<u>210,000</u>	<u>185,000</u>

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

8 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	116,592	-
	<u>116,592</u>	<u>-</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	116,592	-
	<u>116,592</u>	<u>-</u>

9 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	6,618	17,919
Bond interest payable	331,598	351,939
	<u>338,216</u>	<u>369,858</u>
Other finance costs:		
Other interest	186,755	-
	<u>186,755</u>	<u>-</u>
Total finance costs	<u>524,971</u>	<u>369,858</u>

10 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	-	178,327
Adjustments in respect of prior periods	(205,979)	170,000
	<u>(205,979)</u>	<u>348,327</u>
Total current tax	<u>(205,979)</u>	<u>348,327</u>
Deferred tax		
Origination and reversal of timing differences	16,010	96,932
Adjustment in respect of prior periods	-	334,237
	<u>16,010</u>	<u>431,169</u>
Total deferred tax	<u>16,010</u>	<u>431,169</u>
Total tax (credit)/charge for the year	<u>(189,969)</u>	<u>779,496</u>

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

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:

	2020 £	2019 £
Profit before taxation	143,078	1,750,305
<i>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)</i>	27,185	332,558
Tax effect of expenses that are not deductible in determining taxable profit	22,527	64,061
Tax effect of losses carried forward	22,439	-
Adjustments in respect of prior years	-	170,000
Research and development tax credit	-	(24,165)
Under/(over) provided in prior years	(205,979)	-
Deferred tax adjustments	16,010	334,237
Fixed asset differences	(72,151)	(85,791)
Adjust closing deferred tax to average rate of 19%	-	(51,150)
Adjust opening deferred tax to average rate of 19%	-	39,746
Taxation (credit)/charge for the year	(189,969)	779,496

11 Dividends

	2020 £	2019 £
Final paid	1,501,210	750,605

12 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 March 2019 and 28 February 2020	134,087
Amortisation and impairment	
At 1 March 2019	53,634
Amortisation charged for the year	6,704
At 28 February 2020	60,338

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

12 Intangible fixed assets

(Continued)

Carrying amount	
At 28 February 2020	73,749
At 28 February 2019	80,453
Company	Goodwill
	£
Cost	
At 1 March 2019 and 28 February 2020	134,087
Amortisation and impairment	
At 1 March 2019	53,634
Amortisation charged for the year	6,704
At 28 February 2020	60,338
Carrying amount	
At 28 February 2020	73,749
At 28 February 2019	80,453

13 Tangible fixed assets

Group	Fixtures and fittings £	Computers £	Total £
Cost			
At 1 March 2019	111,866	5,306,392	5,418,258
Additions	10,166	2,661,115	2,671,281
At 28 February 2020	122,032	7,967,507	8,089,539
Depreciation and impairment			
At 1 March 2019	105,011	2,479,377	2,584,388
Depreciation charged in the year	6,180	1,027,131	1,033,311
At 28 February 2020	111,191	3,506,508	3,617,699
Carrying amount			
At 28 February 2020	10,841	4,460,999	4,471,840
At 28 February 2019	6,855	2,827,015	2,833,870

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

13 Tangible fixed assets

(Continued)

Company	Fixtures and fittings £	Computers £	Total £
Cost			
At 1 March 2019	111,866	5,306,392	5,418,258
Additions	10,166	2,661,115	2,671,281
At 28 February 2020	122,032	7,967,507	8,089,539
Depreciation and impairment			
At 1 March 2019	105,011	2,479,377	2,584,388
Depreciation charged in the year	6,180	1,027,131	1,033,311
At 28 February 2020	111,191	3,506,508	3,617,699
Carrying amount			
At 28 February 2020	10,841	4,460,999	4,471,840
At 28 February 2019	6,855	2,827,015	2,833,870

14 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	15	-	89	50,089	50,089

Movements in fixed asset investments Group

	Shares in group undertakings £
Cost or valuation	
At 1 March 2019	89
Removed on consolidation	(89)
At 28 February 2020	-
Carrying amount	
At 28 February 2020	-
At 28 February 2019	89

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

14 Fixed asset investments

(Continued)

Movements in fixed asset investments Company

Shares in
group
undertakings
£

Cost or valuation

At 1 March 2019 and 28 February 2020

50,089

Carrying amount

At 28 February 2020

50,089

At 28 February 2019

50,089

15 Subsidiaries

Details of the company's subsidiaries at 28 February 2020 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Caxton FX Bond plc	30 St Mary Axe, London, EC3A 8BF	Provision of financing	Ordinary	100	-
Caxton FX Ireland Limited	Office 29, Clifton Dormant House, Fitzwilliam Street Lower, Dublin 2		Ordinary	100	-

16 Financial instruments

	Group		Company	
	2020	as restated 2019	2020	as restated 2019
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	5,536,180	6,335,608	5,536,091	6,335,608
Equity instruments measured at cost less impairment	-	89	50,089	50,089
Instruments measured at fair value through profit or loss	36,216,292	31,186,104	36,216,292	31,186,104
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	36,869,750	31,186,105	36,869,750	31,186,105
Measured at amortised cost	8,560,323	9,035,866	8,874,874	9,577,515

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

16 Financial Instruments

(Continued)

Financial assets at Balance Sheet date by contractual maturity Group

	0-3 months £	3-6 months £	6-12 months £	1-3 years £	Total £
Open positions on foreign currency contracts	18,390,451	7,203,152	9,484,779	1,137,910	36,216,292
Other receivables	5,412,300	-	-	123,880	5,536,180
Financial assets	23,802,751	7,203,152	9,484,779	1,261,790	41,752,472

Company

	0-3 months £	3-6 months £	6-12 months £	1-3 years £	Total £
Open positions on foreign currency contracts	18,390,451	7,203,152	9,484,779	1,137,910	36,216,292
Other receivables	5,412,211	-	-	123,880	5,536,091
Financial assets	23,802,662	7,203,152	9,484,779	1,261,790	41,752,383

Liquidity risk

The following table details the profile of the Group's financial liabilities. The amounts are based on the undiscounted cash flows based on the earliest date on which the Group can be required to pay.

Financial liabilities at Balance Sheet date by contractual maturity:

Group

	0-3 months £	3-6 months £	6-12 months £	1-3 years £	Total £
Open positions on foreign currency contracts	19,096,232	7,166,883	9,468,725	1,137,910	36,869,750
Trade creditors	3,162,730	-	-	-	3,162,730
Other creditors	1,146,593	-	199,000	4,052,000	5,397,593
Financial liabilities	23,405,555	7,166,883	9,667,725	5,189,910	45,430,073

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

16 Financial instruments

(Continued)

Company	0-3 months £	3-6 months £	6-12 months £	1-3 years £	Total £
Open positions on foreign currency contracts	19,096,232	7,166,883	9,468,725	1,137,910	36,869,750
Trade creditors	3,162,730	-	-	-	3,162,730
Amounts due to subsidiaries	4,846,933	-	-	-	4,846,933
Other creditors	865,211	-	-	-	865,211
Financial liabilities	27,971,106	7,166,883	9,468,725	1,137,910	45,744,624

Financial assets and liabilities measured at fair value through profit or loss comprise trade debtors and trade creditors, being the open position measured at fair value through Profit and Loss. Their fair value is based on the transaction price agreed with the customer or counterparty and their observable fair value in the foreign exchange market.

The fair value of forward currency contracts is based on their observable prices in the foreign exchange market requiring no significant adjustment. Under FRS 102 Section 34 - Specialised Activities (Financial Institutions) these are classified under the fair value hierarchy as level 2. Financial assets that are debt instruments measured at amortised cost comprise other debtors. Other debtors have short times to maturity. For this reason, their carrying values at the year end are approximate to their fair values.

Financial liabilities measured at amortised cost comprise other creditors and amounts due to group undertakings. These have short times to maturity. For this reason, their carrying values at the year end are approximate to their fair values

Managing capital

The directors regularly review the adequacy of the company's capital to ensure the level of capital is in excess of the capital requirement set by the Financial Conduct Authority.

17 Stocks

	Group 2020 £	2019 £	Company 2020 £	2019 £
Finished goods	44,333	29,519	44,333	29,519

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

18 Debtors

	Group		Company	
	2020	as restated 2019	2020	as restated 2019
Amounts falling due within one year:	£	£	£	£
Trade debtors	41,137,330	35,485,864	41,137,330	35,485,864
Corporation tax recoverable	88,050	-	88,050	-
Other debtors	471,623	2,035,848	471,534	2,035,848
Prepayments and accrued income	618,880	277,842	552,784	277,842
	<u>42,315,883</u>	<u>37,799,554</u>	<u>42,249,698</u>	<u>37,799,554</u>

Included within trade debtors is a balance of £1,261,790 (2019: £180,000) which falls due after more than one year.

19 Cash at bank and in hand

Cash at bank and in hand of £2,922,217 (2019: £4,903,978) includes £25,208,241 (2019: £33,183,736) held in respect of customer balances in segregated bank accounts, the corresponding liability for which is offset against cash.

Cash at bank and in hand also includes an amount of £470,000 (2019: £250,000) on deposit with the company's bankers as collateral security.

20 Creditors: amounts falling due within one year

	Group		Company	
	2020	as restated 2019	2020	as restated 2019
Notes	£	£	£	£
Bank loans and overdrafts	-	8,454	-	8,454
Trade creditors	40,032,480	35,198,533	40,032,480	35,198,533
Amounts due to group undertakings	-	-	4,846,933	5,370,958
Corporation tax payable	-	420,748	-	351,526
Other taxation and social security	166,984	155,605	166,984	155,605
Deferred income 24	113,873	-	113,873	-
Other creditors	423,814	94	91,846	106
Accruals	921,779	486,473	773,365	474,938
	<u>41,658,930</u>	<u>36,269,907</u>	<u>46,025,481</u>	<u>41,560,120</u>

Included within trade creditors is a balance of £1,137,910 (2019: £180,000) which falls due after more than one year.

The Royal Bank of Scotland plc ('the bank') has a floating charge over the company's assets deposited at the bank.

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

21 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Deferred income	24	758,552	-	758,552	-
Other creditors		4,052,000	4,829,321	-	-
		<u>4,810,552</u>	<u>4,829,321</u>	<u>758,552</u>	<u>-</u>

Corporate bonds include £4,052,000 which are due to mature on 31 October 2021 at the earliest, and £123,000 due to mature on 3 March 2021 at the earliest. Bondholders are required to give six months' notice of redemption prior to 30 April annually and for repayment by 31 October annually, with the remaining bonds to continue until the next annual redemption opportunity. Included in other creditors due within one year (see note 9) are corporate bonds of £199,000 on which notice of redemption was given prior to the balance sheet date.

Interest is payable to bond holders at a rate of 7.25% per annum. The interest is paid in arrears in six month 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 any time during the term of the Caxton FX Bonds.

22 Provisions for liabilities

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Other provisions		191,842	125,519	191,842	125,519
Property provision		10,058	35,151	10,058	35,151
		<u>201,900</u>	<u>160,670</u>	<u>201,900</u>	<u>160,670</u>
Deferred tax liabilities	23	450,754	434,775	450,754	434,775
		<u>652,654</u>	<u>595,445</u>	<u>652,654</u>	<u>595,445</u>

Movements on provisions apart from deferred tax liabilities:

Group	Other provisions £	Property provision £	Total £
At 1 March 2019	125,519	35,151	160,670
Additional provisions in the year	66,323	(25,093)	41,230
	<u>191,842</u>	<u>10,058</u>	<u>201,900</u>

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

22 Provisions for liabilities

(Continued)

Company	Other provisions £	Property provision £	Total £
At 1 March 2019	125,519	35,151	160,670
Additional provisions in the year	66,323	(25,093)	41,230
At 28 February 2020	191,842	10,058	201,900

Other provisions

A provision is recognised when customer accounts are suspended due to suspicious activity and an equal sum of cash is placed in a ring fenced account whilst the company undertakes investigations.

Property provision

A provision is recognised for amounts expected to be charged by the lessor in respect of rental agreements.

23 Deferred taxation

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

	Liabilities 2020 £	Liabilities 2019 £
Group		
Opening	434,775	3,606
Accelerated capital allowances	15,979	-
Origination and reversal of timing differences	-	96,932
Adjustments in respect of prior periods	-	334,237
	450,754	434,775
	Liabilities 2020 £	Liabilities 2019 £
Company		
Opening	434,775	3,606
Accelerated capital allowances	15,979	-
Origination and reversal of timing differences	-	96,932
Adjustments in respect of prior periods	-	334,237
	450,754	434,775

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

23 Deferred taxation

(Continued)

	Group 2020 £	Company 2020 £
Movements in the year:		
Liability at 1 March 2019	434,775	434,775
Charge to profit or loss	15,979	15,979
Liability at 28 February 2020	<u>450,754</u>	<u>450,754</u>

24 Deferred income

	Group 2020 £	2019 £	Company 2020 £	2019 £
Other deferred income	<u>872,425</u>	<u>-</u>	<u>872,425</u>	<u>-</u>
Deferred income is included in the financial statements as follows:				
Current liabilities	113,873	-	113,873	-
Non-current liabilities	<u>758,552</u>	<u>-</u>	<u>758,552</u>	<u>-</u>
	<u>872,425</u>	<u>-</u>	<u>872,425</u>	<u>-</u>

25 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>170,763</u>	<u>106,289</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.

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

26 Share capital

	Group and company	
	2020	2019
	£	£
Ordinary share capital		
Issued and fully paid		
123,050 Ordinary Shares of 1p each	1,231	1,231
Allotted and nil paid		
5,472 B Ordinary Shares of 1p each	-	-

One employee holds options to subscribe for shares in the company under the share option scheme approved by the shareholders in October 2012, comprising 1,715 Ordinary shares and a parallel options over 1,715 'A Ordinary shares', exercisable for a consideration of £8 per share within a ten year period commencing 1 November 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.

B ordinary shares give the right to receive dividends but no right of return of capital on winding up of the company nor any voting rights. The shares rank pari passu in all other respects.

Reconciliation of movements during the year:

	Ordinary Shares Number	B Ordinary Shares Number
At 1 March 2019	123,050	8,208
Purchase and cancellation of own shares	-	(2,736)
At 28 February 2020	123,050	5,472

On 18 July 2019 the company cancelled 2,736 of the nil paid B ordinary shares of £0.01 each for proceeds of £152,586. These nil paid shares had a subscription price of £73,845. The net payment of £78,741 has been deducted from retained earnings.

27 Reserves

Share premium

This reserve records the amount above the nominal value received for shares sold, less transactions costs.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Retained earnings

This reserve relates to the cumulative profits and losses less amounts distributed to shareholders.

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

28 Operating lease commitments

Lessee

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:

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	721,082	430,003	721,082	430,003
Between two and five years	2,215,337	288,008	2,215,337	288,008
In over five years	984,060	-	984,060	-
	<u>3,920,479</u>	<u>718,011</u>	<u>3,920,479</u>	<u>718,011</u>

29 Guarantees - Company

The company has provided a guarantee to meet the payment obligations of Caxton Bond plc, a wholly owned subsidiary, in connection with Caxton FX bonds. At the year end, the amounts owed to bondholders, including accrued interest, was £4,387,879 (2019: £5,361,383).

30 Events after the reporting date

In March 2020 the group issued corporate bonds totalling £300,227, of which £123,000 of proceeds were received before the balance sheet date. The bonds are due to mature between March 2022 and March 2024 and interest is payable at rates varying between 3.85% and 6% per annum.

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

31 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020 £	2019 £
Aggregate compensation	553,904	610,954

During the year the company paid a total of £2,601,575 (2019: £2,626,680) to Valitor Limited for payment processing services, a company whose director, R K Alexander, is also a director of Caxton FX Limited. As at the balance sheet date, £1,682,084 (2019: £1,774,776) was owed to Valitor Limited, and £2,992,449 (2019: £2,850,725) was owed from Valitor Limited.

During the year the company paid a total of £25,276 (2019: £37,500) to Tigaca Limited for non-executive directorship duties, a company whose director, R K Alexander, is also a director of Caxton FX Limited. As at the balance sheet date, £nil (2019: £2,000) was outstanding.

During the year the company paid a total of £911,307 (2019: £25,174) to Hooaha Innovations Limited for software development, a company whose director, T S Price, is also a director of Caxton FX Limited. As at the balance sheet date, £nil (2019: £nil) was outstanding.

The company has taken advantage of the exemption available in accordance with FRS 102 Section 33.1A not to disclose transactions entered into between two or more members of the Group.

32 Regulatory disclosures

Country-by-country reporting

The company must report certain information on its business on a country by country basis, known as Country-by-Country Reporting (CBCR). Article 89 of the Capital Requirements Regulation 2013 (CAR) imposes the ongoing CBCR reporting obligations on institutions in the United Kingdom within the scope of CAD IV.

Name of activity	Caxton FX Limited	Caxton FX Bond plc	Caxton FX Ireland Limited	Consolidation adjustments	Consolidated
	Provision of currency services	Provision of financing services to Caxton FX Limited	Dormant		
Country	United Kingdom	United Kingdom	Republic of Ireland		
Average number of employees	98	-	-	-	98
	£	£	£	£	£
Turnover	13,636,709	72,000	-	(72,000)	13,636,709
Profit before tax	102,683	40,395	-	-	143,078
Corporation tax	(189,969)	-	-	-	(189,969)
Government subsidies received	-	-	-	-	-

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

33 Controlling party

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

34 Cash generated from group operations

	2020	2019
	£	as restated £
Profit for the year after tax	333,047	970,809
Adjustments for:		
Taxation (credited)/charged	(189,969)	779,496
Finance costs	524,971	369,858
Investment income	(116,592)	-
Amortisation and impairment of intangible assets	6,704	6,704
Depreciation and impairment of tangible fixed assets	1,033,311	876,613
Increase/(decrease) in provisions	41,230	(54,715)
Movements in working capital:		
(Increase)/decrease in stocks	(14,814)	17,470
(Increase) in debtors	(4,428,190)	(19,583,286)
Increase in creditors	6,209,007	22,293,790
Cash generated from operations	3,398,705	5,676,739

Caxton FX Limited

Notes to the Financial Statements (Continued)

For the year ended 28 February 2020

35 Prior period adjustment Changes to the balance sheet - group

	At 28 February 2019		
	As previously reported	Adjustment	As restated
	£	£	£
Current assets			
Debtors due within one year	19,625,312	18,174,242	37,799,554
Creditors due within one year			
Trade and other creditors	(17,510,858)	(18,174,242)	(35,685,100)
Net assets	<u>3,952,790</u>	<u>-</u>	<u>3,952,790</u>

Changes to the profit and loss account - group

	Period ended 28 February 2019		
	As previously reported	Adjustment	As restated
	£	£	£
Profit for the financial period	<u>970,809</u>	<u>-</u>	<u>970,809</u>

Changes to the balance sheet - company

	At 28 February 2019		
	As previously reported	Adjustment	As restated
	£	£	£
Current assets			
Debtors due within one year	19,625,312	18,174,242	37,799,554
Creditors due within one year			
Trade and other creditors	(22,870,293)	(18,174,242)	(41,044,535)
Net assets	<u>3,532,607</u>	<u>-</u>	<u>3,532,607</u>

Changes to the profit and loss account - company

	Period ended 28 February 2019		
	As previously reported	Adjustment	As restated
	£	£	£
Profit for the financial period	<u>908,440</u>	<u>-</u>	<u>908,440</u>

The comparative figures have been amended to reflect a prior year adjustment to correct a material error identified in the recognition of contracts for forward delivery with counterparties.

The effect of correcting these errors is shown in the table above.