

Registered number: 04610337

CAXTON FX LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2019

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CAXTON FX LIMITED

COMPANY INFORMATION

Directors

R Alexander
T Cooke
R Lee-Browne
J E Peerless
T Price

Company secretary

T Price

Registered number

04610337

Registered office

Portland House
Bressenden Place
London
SW1E 5BH

Independent auditor

Nexia Smith & Williamson
Chartered Accountants & Statutory Auditor
25 Moorgate
London
EC2R 6AY

CAXTON FX LIMITED

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CAXTON FX LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 28 FEBRUARY 2019

Introduction

The board of directors ('the directors') present the Group Strategic Report and financial statements for the year ended 28 February 2019.

Strategic review of the business

The Caxton Group continues to demonstrate itself as an innovative, fast-growth and profitable business. The investment in new proprietary technology is clearly demonstrating its value as the Company takes advantage of the new platform for enterprise and e-commerce solutions. Caxton FX Ltd ('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 grow in profitability whilst maintaining net revenue levels - EBITDA (adjusted for foreign exchange rate movements and non-recurring internal restructuring costs) grew by 50% to £3.0 million (2018: £2.0 million), the directors consider the financial results to be entirely satisfactory and in line with the strategic aims of the business.

	2019	2018
Net revenue	£14.1m	£14.1m
Underlying EBITDA	£3.0m	£2.0m

The results for the year are set out on page 9. The operating profit includes a notional loss from foreign exchange rate movements of £3,709 (2018: gain of £58,390). 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 2019). 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.

Counterparty risk is also significant to the business as the Company relies on third party institutions in order to trade and clear settlement funds through client accounts. The Company 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 £4.9 million (2018: £1.7 million).

Development and performance

The Group's debtors amount to £19.6 million (2018: £18.2 million). This balance includes £17.3 million of trade debtors (2018: £15.9 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 £18.1 million (2018: £13.8 million). The directors do not foresee any problems in the Group being able to meet these obligations as they fall due.

CAXTON FX LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2019

Key performance indicators

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

This report was approved by the board and signed on its behalf.



T Price
Director

Date: 26 JUNE 2019

CAXTON FX LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2019.

The directors present their report and the financial statements for the year ended 28 February 2019:

Principal activity

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

Results and dividends

The underlying EBITDA amounted to £3,007,189 (2018: £2,001,229).

The profit for the year, after taxation, amounted to £970,809 (2018: £835,131).

Dividends of £750,605 were proposed during the year (2018: £Nil).

Directors

The directors who served during the year were:

R Alexander
T Cooke
R Lee-Browne
J E Peerless
T Price

Future developments

The Group's bonds were available for redemption on 31 October 2018 with 6 months' prior notice required for redemption. The remaining bonds will continue with an annual redemption opportunity for bondholders if notice is given by 30 April each year.

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 Portland House, Bressenden Place, London, SW1E 5BH.

Post Balance Sheet events

There have been no significant events affecting the Group since the year end.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor are aware of that information.

CAXTON FX LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2019**

Auditors

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



T Price
Director

Date: 26 JUNE 2019

CAXTON FX LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2019

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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 will continue in business.

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

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 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Parent Company Balance Sheets, Consolidated and Parent Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and the 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 of the Parent Company's affairs as at 28 February 2019 and of the Group's 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.

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 Group and Parent 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.

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

Other information

The other information comprises the information included in the Annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group 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 Group 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 their environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or 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 set out on page 5, 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 or 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.

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

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Nexia Smith & Williamson

Guy Swarbrick (Senior Statutory Auditor)

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants
Statutory Auditor

25 Moorgate
London
EC2R 6AY

Date:

26 June 2019

CAXTON FX LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2019**

	Note	2019 £	As restated 2018 £
Revenue	4	14,109,715	14,092,942
Cost of sales		(3,639,081)	(4,394,800)
Gross profit		10,470,634	9,698,142
Administrative expenses (excluding amortisation, depreciation and foreign exchange differences and non recurring restructuring expenses)	5	(7,463,445)	(7,696,913)
Underlying earnings before interest, taxation, depreciation and amortisation	5	3,007,189	2,001,229
Amortisation		(6,704)	(6,704)
Depreciation		(876,613)	(645,801)
Foreign exchange differences		(3,709)	58,390
Non recurring restructuring expenses		-	(65,484)
Operating profit	5	2,120,163	1,341,630
Interest receivable and similar income	9	-	11,649
Interest payable and expenses	10	(369,858)	(358,454)
Profit before taxation		1,750,305	994,825
Tax on profit	11	(779,496)	(159,694)
Profit for the financial year		970,809	835,131
Other comprehensive income		-	-
Total comprehensive income for the year		970,809	835,131
Profit for the year attributable to:			
Owners of the Parent Company		970,809	835,131

There were no recognised gains and losses for 2019 or 2018 other than those included in the Consolidated Statement of Comprehensive Income.

The notes on pages 18 to 41 form part of these financial statements.

CAXTON FX LIMITED
REGISTERED NUMBER: 04610337

CONSOLIDATED BALANCE SHEET
AS AT 28 FEBRUARY 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	13	80,453	87,157
Tangible assets	14	2,833,870	2,363,499
Investments	15	89	89
		<u>2,914,412</u>	<u>2,450,745</u>
Current assets			
Stocks	16	29,519	46,989
Debtors: amounts falling due within one year	17	19,625,312	18,216,268
Cash at bank and in hand		4,903,978	1,731,207
		<u>24,558,809</u>	<u>19,994,464</u>
Creditors: amounts falling due within one year	19	(18,095,665)	(13,758,802)
Net current assets		<u>6,463,144</u>	<u>6,235,662</u>
Total assets less current liabilities		<u>9,377,556</u>	<u>8,686,407</u>
Creditors: amounts falling due after more than one year	20	(4,829,321)	(4,734,830)
Provisions for liabilities			
Deferred taxation	22	(434,775)	(3,606)
Other provisions		(160,670)	(215,385)
		<u>(595,445)</u>	<u>(218,991)</u>
Net assets		<u><u>3,952,790</u></u>	<u><u>3,732,586</u></u>

CAXTON FX LIMITED
REGISTERED NUMBER: 04610337

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 28 FEBRUARY 2019

	Note	2019 £	2018 £
Capital and reserves:			
Called up share capital	24	1,231	1,231
Share premium account	25	180,499	180,499
Capital redemption reserve	25	357	357
Retained earnings	25	3,770,703	3,550,499
Total equity		3,952,790	3,732,586

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



T Price
Director

Date: 26 JUNE 2019

The notes on pages 18 to 41 form part of these financial statements.

CAXTON FX LIMITED
REGISTERED NUMBER: 04610337

COMPANY BALANCE SHEET
AS AT 28 FEBRUARY 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets:	13	80,453	87,157
Tangible assets	14	2,833,870	2,363,499
Investments	15	50,089	50,089
		<u>2,964,412</u>	<u>2,500,745</u>
Current assets			
Stocks	16	29,519	46,989
Debtors: amounts falling due within one year	17	19,626,312	18,216,268
Cash at bank and in hand		4,894,687	1,724,601
		<u>24,549,518</u>	<u>19,987,858</u>
Creditors: amounts falling due within one year	19	(23,385,878)	(18,894,840)
Net current assets		<u>1,163,640</u>	<u>1,093,018</u>
Total assets less current liabilities		<u>4,128,052</u>	<u>3,593,763</u>
Provisions for liabilities			
Deferred taxation	22	(434,775)	(3,606)
Other provisions		(160,670)	(215,385)
		<u>(595,445)</u>	<u>(218,991)</u>
Net assets		<u><u>3,532,607</u></u>	<u><u>3,374,772</u></u>

CAXTON FX LIMITED
REGISTERED NUMBER:04610337

COMPANY BALANCE SHEET (CONTINUED)
AS AT 28 FEBRUARY 2019

	Note	2019 £	2018 £
Capital and reserves			
Called up share capital	24	1,231	1,231
Share premium account	25	180,499	180,499
Capital redemption reserve	25	357	357
Retained earnings		3,350,520	3,192,685
Total equity		<u>3,532,607</u>	<u>3,374,772</u>

As permitted by Section 408 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 £908,440 (2018: £747,454).

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



T Price
Director

Date: 26 JUNE 2019

The notes on pages 18 to 41 form part of these financial statements.

CAXTON FX LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2019**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 March 2017 as restated	1,231	180,499	357	2,715,368	2,897,455
Comprehensive income for the year					
Profit for the year	-	-	-	835,131	835,131
At 1 March 2018	1,231	180,499	357	3,550,499	3,732,586
Comprehensive income for the year					
Profit for the year	-	-	-	970,809	970,809
Dividend paid	-	-	-	(750,605)	(750,605)
At 28 February 2019	1,231	180,499	357	3,770,703	3,952,790

GAXTON FX LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 28 FEBRUARY 2019**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 March 2017 as restated	1,231	180,499	357	2,445,231	2,627,318
Comprehensive income for the year					
Profit for the year	-	-	-	747,454	747,454
At 1 March 2018	1,231	180,499	357	3,192,685	3,374,772
Comprehensive income for the year					
Profit for the year	-	-	-	908,440	908,440
Contributions by and distributions to owners:					
Dividend paid	-	-	-	(750,605)	(750,605)
At 28 February 2019	1,231	180,499	357	3,350,520	3,532,607

CAXTON FX LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	970,809	835,131
Adjustments for:		
Amortisation of intangible assets	6,704	6,704
Depreciation of tangible assets	876,613	645,801
Interest paid	369,858	358,454
Interest received	-	(11,649)
Taxation charge	779,496	159,694
Decrease in stocks	17,470	19,334
(Increase)/decrease in debtors	(1,409,044)	26,215,870
Increase/(decrease) in creditors	4,119,548	(31,885,667)
(Decrease)/increase in provisions	(54,715)	215,385
Corporation tax (paid)	(129,296)	(29,663)
Net cash generated from operating activities	5,547,443	(3,470,606)
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,346,984)	(622,139)
Interest received	-	11,649
Net cash from investing activities	(1,346,984)	(610,490)

CAXTON FX LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 28 FEBRUARY 2019

	2019 £	2018 £
Cash flows from financing activities		
Issue of debenture loans	84,321	-
Repayment of debenture loans	-	(205,000)
Dividends paid	(750,605)	-
Interest paid	(369,858)	(358,454)
Net cash used in financing activities	(1,036,142)	(563,454)
Net increase/(decrease) in cash and cash equivalents	3,164,317	(4,644,550)
Cash and cash equivalents at beginning of year	1,731,207	6,375,757
Cash and cash equivalents at the end of year	4,895,524	1,731,207
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	4,903,978	1,731,207
Bank overdrafts	(8,454)	-
	4,895,524	1,731,207

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

1. General information

Caxton FX Limited is a private company, limited by shares, domiciled and incorporated in England and Wales. The registered office address and registered number can be found on the Company Information page. The Company is authorised and regulated by the Financial Conduct Authority.

The Group consists of Caxton FX Limited and its subsidiaries Caxton FX Bond Plc and Caxton FX Ireland Ltd.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The directors have made an assessment in preparing these financial statements as to whether the Company and Group is a going concern and have concluded that there are no material uncertainties that may cast doubt on the Company's and Group's ability to continue as a going concern.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

2. Accounting policies (continued)

2.4 Revenue

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. In the event that a bilateral netting agreement exists between the Group and its counterparty, derivative financial asset and liability positions with the counterparty are aggregated to produce a single netted asset or liability.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life, determined as 20 years.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- 25% straight line
Computer equipment	- 3-7 years on cost

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each Balance Sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

2. Accounting policies (continued)

2.9 Financial Instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

CAXTON FX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

2. Accounting policies (continued)

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Pound Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.11 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.

2.12 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

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.

CAXTON FX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

2. Accounting policies (continued)

2.13 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.14 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.15 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

2.18 Client money

The Company holds funds on 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 Regulations. 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.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.20 Prior year restatement

The Group has restated its Turnover and Cost of Sales. The nature and quantum of these adjustments are explained in note 26. The restatement did not have an impact of the total Comprehensive Income for the year.

CAXTON FX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

3. Judgements in applying accounting policies 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.

The directors believe the following are significant judgements made in the preparation of these financial statements:

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 firm's bespoke trading platform.

4. Revenue

The whole of the revenue is attributable to the principal activity of the business.

All revenue arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets	876,613	645,801
Amortisation of intangible assets, including goodwill	6,704	6,704
Exchange differences	3,709	(58,390)
Other operating lease rentals	493,302	430,501
Defined contribution pension cost	106,289	46,465

CAXTON FX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

6. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	32,905	31,950
Taxation compliance services	6,000	6,000
All other assurance services	16,765	16,275
All other services	4,090	3,975
	<u>26,855</u>	<u>26,250</u>

7. Employees

Staff costs were as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	4,293,823	4,187,598	4,293,823	4,187,598
Social security costs	484,490	459,186	484,490	459,186
Cost of defined contribution scheme	106,289	46,465	106,289	46,465
	<u>4,884,602</u>	<u>4,693,249</u>	<u>4,884,602</u>	<u>4,693,249</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2019 No.	Group 2018 No.	Company 2019 No.	Company 2018 No.
Sales and marketing	35	31	35	31
Administration	54	62	54	62
	<u>89</u>	<u>93</u>	<u>89</u>	<u>93</u>

GAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	661,670	574,933
Company contributions to defined contribution pension schemes	25,954	10,130
	<u>687,624</u>	<u>585,063</u>

The highest paid director received remuneration of £185,000 (2018 - £186,727).

9. Interest receivable

	2019 £	2018 £
Other interest receivable	-	11,649
	<u>-</u>	<u>11,649</u>

10. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	17,919	-
Bond interest payable	351,939	358,454
	<u>369,858</u>	<u>358,454</u>

CAXTON FX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	178,327	159,694
Adjustments in respect of previous periods	170,000	-
Total current tax	<u>348,327</u>	<u>159,694</u>
Deferred tax		
Origination and reversal of timing differences	96,932	-
Adjustments in respect of previous periods	334,237	-
Total deferred tax	<u>431,169</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>779,496</u>	<u>159,694</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19.08%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,750,305</u>	<u>994,825</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19.08%)	332,558	189,813
Effects of:		
Fixed asset differences	(85,791)	-
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	64,061	10,120
Adjustments to tax charge in respect of prior periods	170,000	-
Adjustments to tax charge in respect of previous periods - deferred tax	334,237	-
Adjustment in research and development tax credit leading to a decrease in the tax charge	(24,165)	-
Adjust closing deferred tax to average rate of 19.00%	(51,150)	-
Adjust opening deferred tax to average rate of 19.00%	39,746	-
Other tax (relief)/charge	-	(40,239)
Total tax charge for the year	<u>779,496</u>	<u>159,694</u>

GAXTON FX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

11. Taxation (continued)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate to 17% from 1 April 2020 was substantively enacted on 06 September 2017.

12. Dividends

	2019 £	2018 £
Dividends paid	750,605	-
	<u>750,605</u>	<u>-</u>

13. Intangible assets

Group and Company

	Goodwill £
Cost	
At 1 March 2018	134,087
At 28 February 2019	<u>134,087</u>
Amortisation	
At 1 March 2018	46,930
Charge for the year	6,704
At 28 February 2019	<u>53,634</u>
Net book value	
At 28 February 2019	<u>80,453</u>
At 28 February 2018	<u>87,157</u>

CAXTON FX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

14. Tangible fixed assets.

Group and Company

	Fixtures and fittings £	Computer software £	Total £
Cost or valuation			
At 1 March 2018	105,200	3,966,074	4,071,274
Additions	6,666	1,340,318	1,346,984
At 28 February 2019	<u>111,866</u>	<u>5,306,392</u>	<u>5,418,258</u>
Depreciation			
At 1 March 2018	87,049	1,620,726	1,707,775
Charge for the year	17,962	858,651	876,613
At 28 February 2019	<u>105,011</u>	<u>2,479,377</u>	<u>2,584,388</u>
Net book value			
At 28 February 2019	<u>6,855</u>	<u>2,827,015</u>	<u>2,833,870</u>
At 28 February 2018	<u>18,151</u>	<u>2,345,348</u>	<u>2,363,499</u>

CAXTON FX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost and valuation	
At 1 March 2018	50,089
At 28 February 2019	<u>50,089</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Caxton FX Bond PLC	Portland House, Bressenden Place, London, SW1E 5BH.	Provision of financing	Ordinary	100%
Caxton FX Ireland Limited	Office 29, Clifton House, Fitzwilliam Street Lower, Dublin 2	Dormant	Ordinary	100%

16. Stocks

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Finished goods	<u>29,519</u>	<u>46,989</u>	<u>29,519</u>	<u>46,989</u>

CAXTON FX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

17. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	17,311,622	15,914,152	17,311,622	15,914,152
Other debtors	2,035,848	2,083,803	2,035,848	2,083,803
Prepayments and accrued income	277,842	218,313	277,842	218,313
	<u>19,625,312</u>	<u>18,216,268</u>	<u>19,625,312</u>	<u>18,216,268</u>

Included within trade debtors is a balance of £180,000 (2018: £569,519) and in other debtors is a balance of £Nil (2018: £Nil) which falls due after more than one year.

18. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	4,903,978	1,731,207	4,894,687	1,724,601
	<u>4,903,978</u>	<u>1,731,207</u>	<u>4,894,687</u>	<u>1,724,601</u>

19. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank overdrafts	8,454	-	8,454	-
Trade creditors	17,024,291	12,563,811	17,024,291	12,563,811
Amounts owed to group undertakings	-	-	5,370,958	5,481,154
Corporation tax	420,748	201,717	351,526	179,798
Other taxation and social security	155,605	133,907	155,605	133,907
Other creditors	94	194,582	106	-
Accruals and deferred income	486,473	664,785	474,938	536,170
	<u>18,095,665</u>	<u>13,758,802</u>	<u>23,385,878</u>	<u>18,894,840</u>

Included within trade creditors is a trading liability of £180,000 (2018: £569,519) due in 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
FOR THE YEAR ENDED 28 FEBRUARY 2019

20. Creditors: Amounts falling due after more than one year

	Group 2019 £	Group 2018 £
Debentures loans	4,829,321	4,745,000
Payments received on account	-	(10,170)
	<u>4,829,321</u>	<u>4,734,830</u>

Bonds matured on 31 October 2018 with 6 months' notice required for redemption. The remaining Bonds will continue with an annual redemption opportunity for Bondholders if notice is given by 30 April each year.

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.

CAXTON FX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

21. Financial instruments

Financial risk management

The Group's principal risk management objective is to avoid financial loss and manage its working capital requirements to continue in operations. A list of the Group's principal risks and uncertainties can be found in the Strategic Report.

The tables below set out the profile of the Group's open financial assets and liabilities. The directors are satisfied that the assets are of a high quality, none are past due and that no impairments are required.

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Financial assets				
Financial assets measured at fair value through profit or loss	13,011,863	10,563,868	13,011,863	10,563,868
Financial assets that are debt instruments measured at amortised cost	6,335,608	7,434,087	6,335,608	7,434,087
Financial assets that are equity instruments measured at cost less impairment	89	89	50,089	50,089
	<u>19,347,560</u>	<u>17,998,044</u>	<u>19,397,560</u>	<u>18,048,044</u>
Financial liabilities				
Financial instruments measured at fair value through profit or loss held as part of a trading portfolio	(13,011,863)	(10,563,868)	(13,011,863)	(10,563,868)
Financial liabilities measured at amortised cost	(9,035,866)	(6,939,526)	(9,577,515)	(7,481,096)
	<u>(22,047,729)</u>	<u>(17,503,394)</u>	<u>(22,589,378)</u>	<u>(18,044,964)</u>

Financial assets at Balance Sheet date by contractual maturity

Group and Company

	0-3 months £	3-6 months £	6-12 months £	1-3 years £	Total £
Open positions on foreign currency contracts	7,754,089	2,261,641	2,816,133	180,000	13,011,863
Other receivables	6,335,608	-	-	-	6,335,608
Financial assets	<u>14,089,697</u>	<u>2,261,641</u>	<u>2,816,133</u>	<u>180,000</u>	<u>19,347,471</u>

CAXTON FX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

21. Financial instruments (continued)

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	7,754,089	2,261,641	2,816,133	180,000	13,011,863
Trade creditors	4,012,428	-	-	-	4,012,428
Bank overdraft	8,454	-	-	-	8,454
Other creditors	94	-	-	4,829,321	4,829,415
Financial liabilities	11,775,065	2,261,641	2,816,133	5,009,321	21,862,160

Company

	0-3 months £	3-6 months £	6-12 months £	1-3 years £	Total £
Open positions on foreign currency contracts	7,754,089	2,261,641	2,816,133	180,000	13,011,863
Trade creditors	4,012,428	-	-	-	4,012,428
Amounts due to subsidiaries	5,400,922	-	-	-	5,400,922
Other creditors	106	-	-	-	106
Financial liabilities	17,167,545	2,261,641	2,816,133	180,000	22,425,319

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

21. Financial instruments (continued)

Financial assets and liabilities measured at fair value through profit or loss comprise trade debtors and trade creditors, being the open positions 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.

22. Deferred taxation

Group & company

	2019 £	2018 £
Opening	(3,606)	(3,606)
Origination and reversal of timing differences	(96,932)	-
Adjustments in respect of prior periods	(334,237)	-
At end of year	(434,775)	(3,606)

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Origination and reversal of timing differences	(96,932)	-	(96,932)	-
Adjustments in respect of prior periods	(334,237)	-	(334,237)	-
Provision for deferred tax	(3,606)	(3,606)	(3,606)	(3,606)
	(434,775)	(3,606)	(434,775)	(3,606)

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

23. Provisions

Group & company

	Other provisions £	Property provision £	Total £
At 1 March 2018	126,164	89,221	215,385
Charged to profit or loss	(645)	(54,070)	(54,715)
At 28 February 2019	<u>125,519</u>	<u>35,151</u>	<u>160,670</u>

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.

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

24. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
123,050 Ordinary shares of £0.01 each	<u>1,231</u>	<u>1,231</u>
Allotted and Nil paid		
8,208 B Ordinary shares of £0.01 each	<u>-</u>	<u>-</u>

Ordinary shares give the right to receive dividends, as well as the right to return of capital on winding up and the right to vote in all circumstances.

B Ordinary shares give the right to receive dividends but no right to return of capital on winding up of the Company nor any voting rights.

The shares rank pari passu in all other respects.

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.

As an IFPRU firm, the Company is subject to the capital resources requirement of Capital Requirements Directive IV (CRD IV).

25. Reserves.

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction 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
FOR THE YEAR ENDED 28 FEBRUARY 2019

26. Prior year adjustment

In 2019 management reconsidered its revenue recognition policy resulting from the evolution of the business and market practice. Previously the Group recognised its sales and purchases of currency transactions at their gross notional value within Turnover and Costs of Sales; management has now reconsidered its approach under FRS102 to show both sales and purchases of currency transactions under Revenue at the net value. Following the reassessment of the Group's Revenue and Cost of Sales recognition policy, for the year ended 2018, the Group and the Company made the decision to reclassify £961,100,961 reduced as Cost of Sales against Turnover to produce net Revenue. As a result, the Group and Company's Revenue balance has been restated from £975,193,853 per the prior year signed accounts to £14,092,942 per the current year accounts.

27. Contingent liabilities

The Group has no contingent liabilities (2018: Nil).

28. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £106,289 (2018 - £47,585). Contributions totalling £8,275 (2018 - £3,317) were payable to the fund at the Balance Sheet date and are included in creditors.

29. Commitments under operating leases

At 28 February 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Not later than 1 year	430,003	398,634	430,003	398,634
Later than 1 year and not later than 5 years	288,008	417,083	288,008	417,083
	<u>718,011</u>	<u>815,717</u>	<u>718,011</u>	<u>815,717</u>

30. Guarantees - Company

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

At the year end, the amounts owed to bond holders, including accrued interest was £5,361,383 (2018: £5,069,919).

CAXTON FX LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019

31. Related party transactions

Remuneration of key management personnel

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

	2019 £	2018 £
Director emoluments	610,954	520,130
	<u>610,954</u>	<u>520,130</u>

Consultancy fees totalling £37,500 (2018: £33,078) were paid to the non-executive directors.

No guarantees have been given or received.

The Company has taken the available exemption under FRS 102 Section 33 from disclosing transactions with wholly owned subsidiaries.

CAXTON FX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2019**

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.

	Caxton FX Limited	Caxton FX Bond Plc	Caxton FX Ireland Limited	Consolidation adjustments	Consolidated
	Provision of currency services	Provision of financing to Caxton FX Limited	Dormant		
Name of activities	United Kingdom	United Kingdom	Republic of Ireland		
Average number of employees	89	-	-	-	89
	£	£	£	£	£
Turnover	14,109,715	72,000	-	(72,000)	14,109,715
Profit before tax	1,670,305	80,000	-	-	1,750,305
Corporation tax	763,496	16,000	-	-	779,496
Government subsidies received	-	-	-	-	-

IFPRU disclosures

	2019 £	2018 £
Net profit	908,440	747,454
Net assets	3,532,607	3,374,772
Return on assets	26%	22%

33. Controlling party

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

34. Client money and funds

At the year end the amounts held in client money and client funds accounts was £33,183,736 (2018: £25,497,116). These balances are not included in these financial statements.