

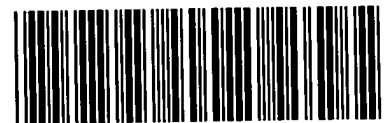
CPT Markets UK Limited

Annual report and financial statements

For the year ended 31 December 2022

Registered number: 06707165

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COMPANIES HOUSE

Company Information

Directors	Nicolas John Lewis Julian Morgan Courtney Michael David Cecil Greenhalgh Kenneth Shicong Su
Company secretary	St James's Corporate Services Limited
Registered number	06707165
Registered office	Level 7 One Canada Square Canary Wharf London E14 5AA
Independent auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

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Directors' report

For the year ended 31 December 2022

The directors present their report together with the Strategic report and the financial statements of CPT Markets UK Limited ('the company') for the year ended 31 December 2022.

Results and dividends

The loss for the year, after taxation, amounted to £512,879 (2021 - loss £564,071).

The directors did not declare a dividend in the current or prior year.

Directors

The directors who served during the year were:

Nicolas John Lewis

Konstantinos Xitas (resigned 31 January 2022)

Julian Morgan Courtney (appointed 1 February 2022)

Michael David Cecil Greenhalgh (appointed 16 June 2022)

Kenneth Shicong Su (appointed 10 August 2022)

Sherif Sanad (appointed 15 July 2022, resigned 31 December 2022)

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report, the Strategic 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 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 of the profit or loss of the company for that period.

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

- select suitable accounting policies for the company'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 company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report (continued)

For the year ended 31 December 2022

Matters covered in the strategic report


The company has chosen, in accordance with s.414C(11) of the Companies Act 2006, to set out in the company's Strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and Part 2 of The Companies (Miscellaneous Reporting) Regulations 2018 to be contained in the Directors' report. It has done so in respect of risk exposure, future developments, and engagement with suppliers, customers and others.

Disclosure of information to auditor

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's auditor is 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's auditor is aware of that information.

This report was approved by the Board on 26 April 2023 and signed on its behalf by:


N Lewis (Apr 26, 2023 17:15 GMT+1)

Nicolas Lewis
Director

Strategic report

For the year ended 31 December 2022

The directors present the Strategic report of the company for the year ended 31 December 2022.

Introduction

CPT Markets UK Limited is a company registered in England and Wales under company number 06707165 and is authorised and regulated by the Financial Conduct Authority ('the FCA') as an investment firm under FRN 606110. During the year, the company has continued to generate revenue through providing its customers with access to trading in contracts for difference ('CFDs') in forex, commodities and indices on a non-advisory and execution-only basis.

The board continues to develop, strengthen and embed its governance structures and arrangements as a regulated company. As such it maintains robust risk management procedures in proportion to the nature, scale and complexity of its business. Accordingly, the company has continued to focus on delivering and maintaining its business in a professional manner and with effective practices using experienced regulatory resources, whilst developing the commercial potential of its position as a regulated company.

The company continues to implement and develop a sustainable business model to support its future plans and ambitions allowing it to successfully conduct and grow its business as a regulated firm. It can act as an agent or principal and trade on its own account.

Principal activity

The company's principal activity is to provide its customers with access to trading in CFDs in forex, commodities and indices on a non-advisory and execution-only basis.

Business review

During the year, the company offered CFD trading platforms to retail and professional clients around the world to enable them to trade forex, commodities and indices on an execution-only basis. The firm generates its remuneration from the turnover of its clients' trading activities.

Revenue generated from operations was £787,845 (2021- £565,313), an increase of 39% on the previous year.

This increase reflects the drive to recruit new sales personnel to increase the firm's global presence, having spent the previous year re-organising the existing infrastructure. The firm has also successfully applied for a Variation of Principle with the FCA, which will allow for the expansion of the existing product range, to encompass a genuine multi-asset offering to clients. The Firm's objective is to enable Clients to trade in Equities, Fixed Income and Futures and Option products, in addition to the existing range of products, on an execution only basis.

The return on assets, calculated as loss for the year divided by net assets, was -52% (2021: -38%).

The directors have set targets for revenue growth and an increased return on assets as the key performance indicator for the next financial year. The management information is generated by the senior management and regularly reviewed by the directors at the quarterly board meetings.

The net assets at year-end were £981,591 (2021: £1,494,470).

Strategic report (continued)

For the year ended 31 December 2022

Principal risks and uncertainties

The principal risk the firm faces is fluctuation in market conditions and changes to the regulatory landscape, resulting in clients electing not to trade.

CPT Markets UK Limited also has a credit risk with its liquidity providers. The risk to the company is a liquidity provider defaulting on its payments, going into insolvency, or simply ceasing to provide markets on the firm's trading platform. The company has mitigated these risks by arranging to have alternative liquidity providers in place to dissipate the exposure to a single entity.

The company also has a market risk that the value of its foreign currency assets and liabilities will change due to adverse moves in market factors. Although the company does not directly enter into speculative proprietary positions, as an IFPR approved £750k firm, the effect of client trades can result in the company retaining a net market risk. The company has a formal risk policy and a methodology for setting limits for every financial market that it trades. These limits determine the net exposure arising from client activity and hedging which the company is prepared to carry. If the company's exposure exceeds these limits, the policy requires that sufficient hedging is carried out to bring the exposure back within defined limits. The company therefore has exposure to market risk in that it can have a residual un-hedged, or un-matched, position

CPT Markets UK Limited seeks to identify the key risks that impact on the company's objectives in order to manage those risks effectively, for example, by reducing the probability of failure, or reducing the impact of such failure.

Impact of Higher Interest Rate Environment/Recession

The directors of the company have considered the impact of the current economic environment on the company's operations, with a particular focus on its effect on its customers, suppliers and employees, and on the availability of financial support from its parent undertaking and ultimate controlling party.

The directors do not consider this to be the cause for material uncertainty in respect of the company's ability to continue as a going concern. The company is not over-exposed to interest rate fluctuations, and we consider that the company has sufficient financial resources to continue for the foreseeable future, despite the current situation.

Future developments

As mentioned earlier, new sales staff have been recruited recently, and a number of potential additions have been earmarked now the FCA has approved our application to add Equities and Fixed Income products to our offering. The continued effects of the Coronavirus outbreak have led to new challenges however we are still fully operational with staff now working under a hybrid model of working environment, incorporating working from both home and the office.

In addition, the new regulatory environment and the economic recession present both opportunities and challenges to which we are adjusting rapidly. We are confident that our team will successfully navigate this period and the company will emerge a stronger and better business as a result, along with identifying exciting global opportunities for future growth.

Strategic report (continued)

For the year ended 31 December 2022

Directors' statement of compliance with duty to promote the success of the company

As the Board of CPT Markets UK Ltd ('CPT UK'), we have a legal responsibility under section 172 of the Companies Act 2006 to act in the way we consider, in good faith, would be most likely to promote the company's success for the benefit of its members as a whole, and to have regard to the long-term effect of our decisions on the company and its stakeholders. This statement addresses the ways in which we as a Board act on this responsibility.

Promoting the company's success for its members

CPT UK was incorporated in 2008. In 2019 the Firm became a wholly owned subsidiary of Allen Market Ltd, another UK limited company. In 2021, the ownership of the Firm was transferred to CPT Holdings, although the Ultimate Beneficial Owner remains the same. The directors run the company for the benefit of its shareholder and the company is tasked with delivering good returns on its investment, whilst ensuring that client protection is always maintained.

We aim to grow our customer base in a crowded market, dominated by big global brands, by providing an excellent service to our customers. CPT focuses mainly on professional traders and this is where we see the potential for revenue growth. However we are committed to providing retail clients with a good outcome and rather against the industry trend over 50% of our retail clients traded profitably in the last measured period.

We acknowledge that, in order to progress to the next phase in the company's future, we will explore adding additional asset classes to our existing product range and expanding our service proposition to clients. In doing so, our twin aims are to maximise the company's ability to grow profits and market share whilst returning the highest possible value to the shareholder. The ability to diversify into other products will depend on our access to capital and the hiring of well proven sales teams.

We make strategic decisions based on long-term objectives. In particular, this has meant significant investment in expanding our product range, alongside our efforts to increase our sales staff. At the same time, as part of the decision making process the Board always aims for the company to maintain a reputation for high standards of business conduct, whilst observing the need to act fairly between various stakeholders at all times.

Engaging with stakeholders

Our employees

The success of the company depends upon our employees and their innate abilities. This is achieved by recruiting experienced management and skilled employees with a deep understanding of the business.

We aim to provide a renowned customer service, which requires us to adapt to last-minute requests and tight turnarounds.

We cannot achieve this without our team. Recruitment and retention of staff is therefore a critical business activity. We help to engage with team members by:

- setting remuneration at competitive rates;
- providing regular training; and
- ensuring that staff are regularly appraised of management meetings and are consulted for significant decisions.

Strategic report (continued)

For the year ended 31 December 2022

This report was approved by the board on 26 April 2023 and signed on its behalf by:

N Lewis

N Lewis (Apr 26, 2023 17:15 GMT+1)

Nicolas Lewis

Director

Independent auditor's report to the members of CPT Markets UK Limited

For the year ended 31 December 2022

Opinion

We have audited the financial statements of CPT Markets UK Limited ('the company') for the year ended 31 December 2022, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of cash flows, the Statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent auditor's report to the members of CPT Markets UK Limited (continued)

For the year ended 31 December 2022

Other information (continued)

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Directors' report and the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report and the Strategic 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report and the Strategic report.

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

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

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 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 company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of CPT Markets UK Limited (continued)

For the year ended 31 December 2022

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the Senior Statutory Auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations, including knowledge specific to auditing investment brokerage firms;
- we made enquiries of management as to where they considered there was susceptibility to fraud, and their knowledge of actual, suspected and alleged fraud;
- we identified the laws and regulations that could reasonably be expected to have a material effect on the financial statements of the company through discussions with directors and other management at the planning stage, and from our knowledge and experience of investment brokerage firms;
- the audit team held a discussion to identify any particular areas that were considered to be susceptible to misstatement, including with respect to fraud and non-compliance with laws and regulations; and
- we focused our planned audit work on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company including the Companies Act 2006, The Financial Services and Markets Act 2000, employment legislation and taxation legislation.

We assessed the extent of compliance with the laws and regulations identified above through:

- making enquiries of management;
- inspecting legal expenditure and correspondence throughout the year for any potential litigation or claims; and
- considering the internal controls in place that are designed to mitigate risks of fraud and non-compliance with laws and regulations.

Independent auditor's report to the members of CPT Markets UK Limited (continued)

For the year ended 31 December 2022

Auditor's responsibilities for the audit of the financial statements (continued)

To address the risk of fraud through management bias and override of controls, we:

- determined the susceptibility of the company to management override of controls by checking the implementation of controls and enquiring of individuals involved in the financial reporting process;
- reviewed journal entries throughout the year to identify unusual transactions, particularly in relation to expenditure;
- performed analytical procedures to identify any large, unusual or unexpected transactions and investigated any large variances from the prior period;
- reviewed accounting estimates and evaluated where judgements or decisions made by management indicated bias on the part of the company's management;
- carried out substantive testing to check the occurrence and cut-off of expenditure; and
- tested the completeness of income by reviewing reports from liquidity providers and the trading platform and checking to postings in the nominal ledger.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, the Financial Conduct Authority and the company's legal advisors.

There are inherent limitations in our audit procedures described above. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error as they may involve deliberate concealment or collusion. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

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 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 for our audit work, for this report, or for the opinions we have formed.



Peter Chapman (Senior statutory auditor)
for and on behalf of
Buzzacott LLP
130 Wood Street
London
EC2V 6DL

26 April 2023

Statement of comprehensive income

For the year ended 31 December 2022

	Note	2022 £	2021 (as restated) £
Turnover	4	787,845	565,313
Cost of sales		(134,877)	(49,737)
Gross profit		652,968	515,576
Administrative expenses		(1,167,364)	(1,079,888)
Operating loss		(514,396)	(564,312)
Interest receivable and similar income	9	1,517	241
Loss before tax		(512,879)	(564,071)
Loss for the financial year		(512,879)	(564,071)

All amounts relate to continuing operations.

There was no other comprehensive income for 2022 or 2021.

The notes on pages 15 to 26 form part of these financial statements.

Statement of financial position

As at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	11	1	651
Tangible assets	12	4,480	2,448
		<u>4,481</u>	<u>3,099</u>
Current assets			
Debtors	13	1,772,099	2,590,975
Cash at bank and in hand	14	6,399,602	5,730,079
		<u>8,171,701</u>	<u>8,321,054</u>
Creditors: amounts falling due within one year	15	(7,194,591)	(6,829,683)
Net current assets		<u>977,110</u>	<u>1,491,371</u>
Total assets less current liabilities		<u>981,591</u>	<u>1,494,470</u>
Net assets		<u>981,591</u>	<u>1,494,470</u>
Capital and reserves			
Called up share capital	16	4,471,000	4,471,000
Capital redemption reserve	17	350,000	350,000
Profit and loss account	17	(3,839,409)	(3,326,530)
		<u>981,591</u>	<u>1,494,470</u>

The financial statements were approved and authorised for issue by the board on 26 April 2023 and were signed on its behalf by:

N Lewis
N Lewis (Apr 26, 2023 17:15 GMT+1)

Nicolas Lewis
Director

The notes on pages 15 to 26 form part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2022

	Called up share capital £	Capital redemption reserve £	Retained earnings £	Total equity £
At 1 January 2021	3,400,000	350,000	(2,762,459)	987,541
Comprehensive income for the year				
Loss for the year	-	-	(564,071)	(564,071)
Shares issued during the year	1,071,000	-	-	1,071,000
At 1 January 2022	4,471,000	350,000	(3,326,530)	1,494,470
Comprehensive income for the year				
Loss for the year	-	-	(512,879)	(512,879)
At 31 December 2022	4,471,000	350,000	(3,839,409)	981,591

The notes on pages 15 to 26 form part of these financial statements.

Statement of cash flows

For the year ended 31 December 2022

	2022 £	2021 £
Cash flows from operating activities		
Loss for the financial year	(512,879)	(564,071)
Adjustments for:		
Amortisation of intangible assets	650	1,478
Depreciation of tangible assets	2,719	2,249
Interest received	(1,517)	(241)
Decrease/(increase) in debtors	818,876	(2,038,092)
Increase in creditors	364,908	3,541,244
Net cash generated from operating activities	672,757	942,567
Cash flows from investing activities		
Purchase of tangible fixed assets	(4,751)	(1,705)
Interest received	1,517	241
Net cash from investing activities	(3,234)	(1,464)
Cash flows from financing activities		
Issue of ordinary shares	-	1,071,000
Net cash used in financing activities	-	1,071,000
Net increase in cash and cash equivalents	669,523	2,012,103
Cash and cash equivalents at beginning of year	5,730,079	3,717,976
Cash and cash equivalents at the end of year	6,399,602	5,730,079
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	6,399,602	5,730,079
	6,399,602	5,730,079

The notes on pages 15 to 26 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2022

1. General information

The company is a private company limited by shares. It is both incorporated and domiciled in England and Wales with registration number 06707165. The registered office address and principal place of business of the company is 30th Floor, 40 Bank Street, Canary Wharf, London, E14 5NR.

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 Republic of Ireland', ('FRS 102') 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 management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

For the year ended 31 December 2022, the company made a loss of £512,879 (2021: loss of £564,071). However, at 31 December 2022, the company had net assets of £981,591 (2021: £1,494,470), which are forecast to provide sufficient funding for the following 2 years. The ultimate controlling party has also confirmed his current intention to provide financial support to the company for at least 12 months from the date of approval of these financial statements.

Therefore the financial statements have been prepared on a going concern basis.

2.3 Turnover

Turnover represents profit derived from the company's principal activity and is recognised on the execution of trades.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Notes to the financial statements

For the year ended 31 December 2022

2. Accounting policies (continued)

2.5 Interest receivable

Interest income is recognised in profit or loss using the effective interest method.

2.6 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in other creditors as a liability. The assets of the plan are held separately from the company in independently administered funds.

2.7 Taxation

Tax is recognised in profit or loss, 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 reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 reporting date.

Notes to the financial statements

For the year ended 31 December 2022

2. Accounting policies (continued)

2.8 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.

Amortisation is provided on the following basis:

Software development	-	33 %
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Amortisation and impairment of intangible assets are recognised within administrative expenses.

2.9 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 bases:

Fixtures and fittings	-	33% straight line
Office equipment	-	33% straight line
Computer equipment	-	33% straight line

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 profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

Notes to the financial statements

For the year ended 31 December 2022

2. Accounting policies (continued)

2.12 Client bank accounts

The company operates segregated client bank accounts in accordance with the Client Money regulations of the FCA. These funds are recognised on the company's Statement of financial position. See note 14 for details of the balances held.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

All other foreign exchange gains and losses are presented in the profit or loss within 'administrative expenses'.

Notes to the financial statements

For the year ended 31 December 2022

2. Accounting policies (continued)

2.15 Financial instruments

The company only enters into transactions that result in the recognition of basic financial instruments like trade and other debtors and creditors and loans from related parties.

Debt instruments that are payable or receivable within one year, typically trade creditors or debtors, 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 case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost or 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 profit or loss.

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.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

Due to the simplicity of the company's transaction streams and year end financial position, the directors consider there to be no critical judgements, estimates or assumptions in the preparation of these financial statements, except for the decision of whether to recognise a potential deferred tax asset in respect of losses carried forward (see note 10) and regarding the treatment of client money (see note 2.12).

4. Turnover

The whole of the turnover is attributable to the company's principal activity.

All turnover arose within the United Kingdom.

5. Operating loss

The operating loss is stated after charging:

	2022	2021
	£	£
Exchange differences	(31,555)	(23,996)
Operating lease rentals	40,452	38,980

Notes to the financial statements

For the year ended 31 December 2022

6. Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor for the audit of the company's annual financial statements	10,750	7,500
Fees payable to the company's auditor and its associates in respect of:		
All other assurance services	5,500	4,000
All other services	1,750	1,500
	7,250	5,500

7. Staff costs and average number of employees

Staff costs, including directors' remuneration, during the year were as follows:

	2022 £	2021 £
Wages and salaries	524,109	485,898
Social security costs	64,098	50,996
Company contributions to defined contribution pension schemes	12,179	12,231
	600,386	549,125

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

	2022 No.	2021 No.
Administrative staff	6	7
Directors	3	2
	9	9

Notes to the financial statements

For the year ended 31 December 2022

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	171,250	224,700
Company contributions to defined contribution pension schemes	4,450	6,483
	<u>175,700</u>	<u>231,183</u>

9. Interest receivable

	2022 £	2021 £
Other interest receivable	1,517	241
	<u>1,517</u>	<u>241</u>

10. Taxation

	2022 £	2021 £
Taxation on loss on ordinary activities	-	-
	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Loss on ordinary activities before tax	(512,879)	(564,071)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(97,447)	(107,173)
Effects of:		
Expenses not deductible for tax purposes	3,559	753
Deferred tax not recognised	93,888	106,420
Total tax charge for the year	<u>-</u>	<u>-</u>

Notes to the financial statements

For the year ended 31 December 2022

10. Taxation (continued)

Factors that may affect future tax charges

With effect from 1 April 2023 the rate of corporation tax increased, tapering from 19% for businesses with profits of less than £50,000 to 25% for businesses with profit over £250,000.

A deferred tax asset, at 19% (2021 - 19%) of £723,719 (2021 - £629,831) could be utilised against future profits. This deferred tax asset has not been recognised due to the current uncertainty over the availability of future taxable profits.

11. Intangible assets

	Software development £
Cost	
At 1 January 2022	84,166
At 31 December 2022	<u>84,166</u>
Amortisation	
At 1 January 2022	83,515
Charge for the year	650
At 31 December 2022	<u>84,165</u>
Net book value	
At 31 December 2022	<u><u>1</u></u>
At 31 December 2021	<u><u>651</u></u>

Notes to the financial statements

For the year ended 31 December 2022

12. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2022	562	18,249	10,481	29,292
Additions	-	-	4,751	4,751
Disposals	-	(3,894)	(2,223)	(6,117)
At 31 December 2022	562	14,355	13,009	27,926
Depreciation				
At 1 January 2022	562	18,249	8,033	26,844
Charge for the year	-	-	2,719	2,719
Disposals	-	(3,894)	(2,223)	(6,117)
At 31 December 2022	562	14,355	8,529	23,446
Net book value				
At 31 December 2022	-	-	4,480	4,480
At 31 December 2021	-	-	2,448	2,448

Notes to the financial statements

For the year ended 31 December 2022

13. Debtors

	2022 £	2021 £
Other debtors	1,731,811	2,559,401
Prepayments and accrued income	40,288	31,574
	<u>1,772,099</u>	<u>2,590,975</u>

Other debtors includes rent deposits totalling £4,930 (2021 - £4,930) due in more than one year.

Also included in other debtors are amounts due from liquidity providers, made up of client funds and own funds deposited with these parties. This balance is repayable on demand.

14. Cash and cash equivalents

	2022 £	2021 £
Own funds	6,253,652	5,087,789
Client segregated funds	145,950	642,290
	<u>6,399,602</u>	<u>5,730,079</u>

Included within 'Own funds' are amounts relating to non segregated client funds held within the company's own bank accounts.

15. Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	7,888	9,486
Other taxation and social security	18,870	14,096
Other creditors	7,135,133	6,774,077
Accruals and deferred income	32,700	32,024
	<u>7,194,591</u>	<u>6,829,683</u>

Included in "Other creditors" are amounts due to clients in respect of client funds.

Notes to the financial statements

For the year ended 31 December 2022

16. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
4,471,000 (2021 - 4,471,000) Ordinary shares of £1.00 each	<u>4,471,000</u>	<u>4,471,000</u>

17. Reserves

Capital redemption reserve

The capital redemption reserve represents consideration for the purchase of the company's own shares for cancellation.

Profit and loss account

The profit and loss account includes all current year and prior periods' retained earnings.

18. Analysis of net debt

An analysis of changes in net debt has not been presented as all the company's cash flows relate to movements in cash, and the company has no items to include in such an analysis other than the cash flows in the Statement of cash flows.

19. Prior year adjustment

Liquidity provider fees incurred by the company were net off with turnover in the financial statements for the year ended 31 December 2021. A presentational adjustment has been made for £49,737 to remove the fees from turnover and include these fees within cost of sales. The impact on profit for the year ended 31 December 2021 is £nil.

20. Contingent liabilities

There were no contingent liabilities at 31 December 2022 or 31 December 2021.

21. Capital commitments

The company had no capital commitments at 31 December 2022 or 31 December 2021.

22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund during the year and amounted to £12,179 (2021 - £12,231). Contributions totalling £2,273 (2021 - £2,647) were payable to the fund at 31 December 2022 and are included in Other creditors.

Notes to the financial statements

For the year ended 31 December 2022

23. Commitments under operating leases

At 31 December 2022, the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	51,600	29,580
Later than 1 year and not later than 5 years	47,300	4,930
	<u>98,900</u>	<u>34,510</u>

24. Related party transactions

There were no related party transactions during the year ended 31 December 2022 aside from compensation made to key management personnel.

Key management personnel compensation

During the year, there were no members of key management other than the directors.

25. Controlling party

The immediate and ultimate parent undertaking is CPT Group Holding Limited, an entity incorporated in the Cayman Islands. The registered office address of CPT Group Holding Limited is at the Office of Sertus Incorporations (Cayman) Limited, Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands.

The ultimate controlling party is considered to be Mr Zhijian Wang by virtue of his 100% ownership of all the shares in CPT Holdings Limited.