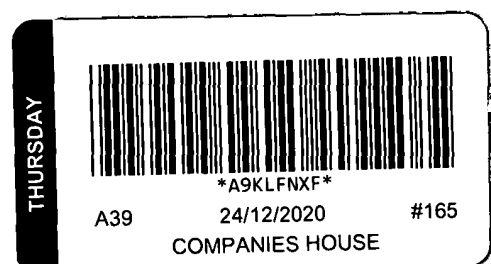


ALGOMI LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



ALGOMI LIMITED

COMPANY INFORMATION

Directors	S Bisgay (appointed 6 March 2020) P M Mutter (appointed 13 July 2020) S Taylor (appointed 6 March 2020) R B Stevens (appointed 13 July 2020)
Registered number	08111389
Registered office	5 Churchill Place London E14 5RD
Independent auditor	Nexia Smith & Williamson Statutory Auditor & Chartered Accountants 25 Moorgate London EC2R 6AY

ALGOMI LIMITED

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ALGOMI LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Introduction

The Directors present the Group Strategic Report for Algomi Limited and its subsidiary companies for the year ended 31 December 2019.

Principal activities

The principal activities of the Group comprise of providing software and solutions to the financial services industry.

Algomi's technology empowers fixed income professionals on both sides of the market to fulfil their trading needs through efficient use of data.

Algomi aims to enhance efficiency in a relatively illiquid and fragmented market space of fixed income trading. By aggregating, structuring and organising data relevant to the fixed income market participants real time, Algomi's suite of products help to channel resource to focus on actionable trading opportunities. Algomi's underlying technology is deployed to power solutions for banks, institutional investors and exchanges.

Business review and financial key performance indicators

Turnover for the year was £5.12m (2018: £6.65m) and the loss before taxation was £5.12m (2018: £4.91m). Gross profits remained consistent at 74% (2018: 78%). During 2019 turnover decreased due to a change in the product mix with the Group moving away from legacy products in favour of ALFA. Unfortunately, the Group did not on-board sufficient new customers during 2019 to make up for the shortfall in revenue created from moving away from the legacy business. Administrative expenses were reduced by 14%. This was achieved by adjusting the Group's operations to reflect the development life cycle of its products.

During the year, the Group continued to support its existing products and to develop Algomi ALFA, a fixed income data aggregation and market surveillance tool.

Principal risks and uncertainties

Our ambition continues to become essential within the global financial infrastructure. Whilst achieving this aim the Group realises there are risks associated with deploying a product globally, and there are uncertainties relating to how quickly any new product will be adopted within the marketplace.

The Group made a loss in the period. The Directors have commented further on the going concern of the Group in the Directors' Report on page 3.

ALGOMI LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Financial risk management

The Group's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk, equity price risk and foreign currency exchange rate risk. Given the size of the Group, the Directors have not delegated the responsibility of monitoring financial risk management to a subcommittee of the Board. The policies set by the Board of Directors are implemented by the Group's and Company's finance department.

Credit risk

The Group's credit risk is primarily attributable to its trade debtors. The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the Board.

The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

The Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure it has sufficient available funds for operations and planned expansions. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

The Group's financial liabilities (none of which are derivative financial liabilities) comprise trade creditors which are measured at amortised cost. The Group's bank loans are held at amortised cost.

The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets comprise only cash and cash equivalents which earn interest at a variable rate. The Group has a policy of maintaining debt at fixed rates to ensure certainty of future interest cash flows. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Foreign currency exchange rate risk

The Group is exposed to foreign currency exchange rate risk as a result of international trade. The Group has financial exposure to foreign exchange gains and losses on cash at bank, financial assets and financial liabilities at the period end. The Group does not hedge any of its trading activities.

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



R B Stevens
Director

Date: 22/12/2020

ALGOMI LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

Results and dividends

The loss for the year, after taxation, amounted to £4,220,375 (2018: £4,034,915).

No dividends were paid or proposed in the year (2018: £Nil).

Directors

The Directors who served during the year were:

U Khan (resigned 14 June 2019)
R Grushka (resigned 26 April 2019)
M Gupta (resigned 6 March 2020)
C Mounts (resigned 6 March 2020)
G Moore (resigned 6 March 2020)
J P Wallin (resigned 6 March 2020)
S W Eaton (resigned 6 March 2020)
O Heimes (resigned 6 March 2020)
C Topple (resigned 6 March 2020)

Future developments

Alongside existing products, the Group is working on a number of other new products with partners which could impact positively on future income streams in future years.

The UK formally left the European Union on 31 January 2020 but the final impact on the European Union Referendum outcome is yet to be determined formally, as political negotiations between the UK and the EU continue. The BGC Group, which acquired the Company on 6 March 2020 through its subsidiary Lucera Connectivity Limited (as disclosed under Post Balance Sheet Events), has established several work streams to analyse and plan for the potential effects of a number of scenarios and will continue to monitor legislative developments in order to finalise the BGC Group's operating model going forward. To date, there have been no matters that warrant adjustments to either the Group's financial results as at 31 December 2019 and for the year then ended, or the Director's expectation of the going concern status of the Group.

Engagement with employees

During the financial year the Directors continued to promote good engagement with our employees throughout difficult circumstances. There were a number of initiatives deployed which included a regular lunch and learn session where staff could learn about the Company and its products by way of presentations from other departments. We were also keen to promote the Company more generally and engage with employees actively promoting them to learn about our marketplace. Finally, during the period, the Directors presented regular updates to staff to keep them informed about the current state of negotiations which ultimately led to the sale of the Company to its new owners.

ALGOMI LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Post Balance Sheet events

COVID-19

Management is considering the potential economic impact to the Group of the COVID-19 pandemic. A number of front and back office employees and clients are currently operating successfully from remote locations, on the advice of local governments. IT and communications resources available to the Group have ensured that all staff can continue to work effectively and keep in regular contact with colleagues and clients, and as a result disruption has been kept to a minimum. We do not expect there to be a material impact on our financial position at this time and we expect the Group to have adequate resources to continue operations for the foreseeable future. While there remains significant uncertainty regarding the developments of the pandemic and the future economic recovery, the Board has concluded that COVID-19 is a non-adjusting post Balance Sheet event.

Acquisition by Lucera Connectivity Limited

On 6 March 2020, 100% of the ordinary share capital of Algomi Limited was acquired by Lucera Connectivity Limited. Lucera Connectivity Limited is consolidated within the financial statements of BGC Partners Inc.

Joint venture

On 14 July 2020, a joint venture was dissolved following liquidation commencing on 3 September 2019.

Algomi Asia Pacific Limited

On 26 March 2020 the subsidiary entered liquidation.

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 and the Group'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 and the Group's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

ALGOMI LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Going concern

The Group made a loss for the period of £4,220,375 (Company - £3,601,283), and had a cash outflow from operating activities for the period amounting to £3,841,797.

In assessing the going concern status, the Directors have carefully reviewed the future prospects of the Group and its future cash flows, including an assessment of the potential impact of the COVID-19 pandemic.

In addition, the Directors have considered the trading results since the period ended 31 December 2019 and have produced cashflow forecasts which show that the Group is reliant on continued support and additional funding from BGC Partners Inc in order for the Group and Company to meet their obligations as they fall due. BGC Partners Inc has confirmed its intention to provide sufficient resources to provide the Group with up to \$10,000,000 in order to meet liabilities as they fall due for a period of not less than 12 months from the date of this annual report.

Taking into account the resources made available from BGC Partners Inc, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue to meet their obligations as they fall due and continue in operational existence for the foreseeable future being at least the next 12 months from signing of these financial statements.

Accordingly, the Directors have prepared the financial statements on a going concern basis.

Auditor

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.



R B Stevens
Director

Date: 22/12/2020

ALGOMI LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and 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 ALGOMI LIMITED

Opinion

We have audited the financial statements of Algomi Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Consolidated Analysis of Net Debt 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 31 December 2019 and of the Group's 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 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.

Emphasis of matter - impact of financial support on going concern

We draw attention to note 2.3 of the financial statements, which describes the reliance on financial support with respect to the preparation of the financial statements on a going concern basis. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALGOMI 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 6, 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 ALGOMI 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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nexia Smith & Williamson

Timothy Adams (Senior Statutory Auditor)

for and on behalf of

Nexia Smith & Williamson

Statutory Auditor

Chartered Accountants

25 Moorgate

London

EC2R 6AY

Date: 23/12/2020

ALGOMI LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	5,118,572	6,650,736
Cost of sales		(1,330,327)	(1,468,994)
Gross profit		3,788,245	5,181,742
Administrative expenses		(8,718,276)	(10,158,682)
Operating loss	5	(4,930,031)	(4,976,940)
Interest receivable and similar income	9	16,424	3,978
Interest payable and similar expenses	10	(65,281)	(194,166)
Foreign exchange (loss)/gain		(146,127)	255,666
Loss before tax		(5,125,015)	(4,911,462)
Tax on loss	11	904,640	876,547
Loss for the financial year		(4,220,375)	(4,034,915)
Other comprehensive income for the year			
Currency translation differences		120,966	(121,859)
Total comprehensive income for the year		(4,099,409)	(4,156,774)

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 19 to 43 form part of these financial statements.

ALGOMI LIMITED
REGISTERED NUMBER:08111389

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	289	289
Tangible assets	13	669,320	970,458
		<u>669,609</u>	<u>970,747</u>
Current assets			
Debtors	15	1,475,098	3,245,135
Cash at bank and in hand		1,070,101	5,990,187
		<u>2,545,199</u>	<u>9,235,322</u>
Creditors: amounts falling due within one year	16	(1,310,704)	(4,228,754)
Net current assets		<u>1,234,495</u>	<u>5,006,568</u>
Total assets less current liabilities		<u>1,904,104</u>	<u>5,977,315</u>
Provisions for liabilities			
Deferred tax	17	(4,480)	-
Other provisions	18	(312,933)	(291,215)
		<u></u>	<u></u>
Net assets		<u><u>1,586,691</u></u>	<u><u>5,686,100</u></u>
Capital and reserves			
Called up share capital	19	2,702	2,702
Share premium account	20	49,619,821	49,619,821
Foreign exchange reserve	20	57,891	(63,075)
Profit and loss account	20	(48,093,723)	(43,873,348)
		<u></u>	<u></u>
Shareholders' funds		<u><u>1,586,691</u></u>	<u><u>5,686,100</u></u>

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



R B Stevens
Director

Date: 22/12/2020

The notes on pages 19 to 43 form part of these financial statements.

ALGOMI LIMITED
REGISTERED NUMBER:08111389

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	289	289
Tangible assets	13	268,771	388,012
Investments	14	84,389	84,389
		<u>353,449</u>	<u>472,690</u>
Current assets			
Debtors	15	4,306,110	6,290,623
Cash at bank and in hand		1,047,225	5,882,318
		<u>5,353,335</u>	<u>12,172,941</u>
Creditors: amounts falling due within one year	16	(724,126)	(4,082,270)
Net current assets		<u>4,629,209</u>	<u>8,090,671</u>
Total assets less current liabilities		<u>4,982,658</u>	<u>8,563,361</u>
Provisions for liabilities			
Deferred taxation	17	(4,544)	(6,014)
Other provisions	18	(89,666)	(67,616)
		<u>(94,210)</u>	<u>(73,630)</u>
Net assets		<u><u>4,888,448</u></u>	<u><u>8,489,731</u></u>
Capital and reserves			
Called up share capital	19	2,702	2,702
Share premium account	20	49,619,821	49,619,821
Profit and loss account		(44,734,075)	(41,132,792)
Shareholders' funds		<u><u>4,888,448</u></u>	<u><u>8,489,731</u></u>

ALGOMI LIMITED
REGISTERED NUMBER:08111389

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2019

The Company loss for the year was £3,601,283 (2018: £2,466,812).

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



R B Stevens
Director

Date: 22/12/2020

The notes on pages 19 to 43 form part of these financial statements.

ALGOMI LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Share premium account £	Foreign exchange reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2018	2,444	42,431,940	58,784	292	(39,838,433)	2,655,027
Comprehensive income for the year						
Loss for the year	-	-	-	-	(4,034,915)	(4,034,915)
Currency translation differences	-	-	(121,859)	-	-	(121,859)
Total comprehensive income for the year	-	-	(121,859)	-	(4,034,915)	(4,156,774)
Shares issued during the year	164	7,187,881	-	-	-	7,188,045
Transfer between other reserves	-	-	-	(94)	-	(94)
Share movements relating to intangible assets	94	-	-	(198)	-	(104)
At 1 January 2019	2,702	49,619,821	(63,075)	-	(43,873,348)	5,686,100
Comprehensive income for the year						
Loss for the year	-	-	-	-	(4,220,375)	(4,220,375)
Currency translation differences	-	-	120,966	-	-	120,966
Total comprehensive income for the year	-	-	120,966	-	(4,220,375)	(4,099,409)
At 31 December 2019	2,702	49,619,821	57,891	-	(48,093,723)	1,586,691

ALGOMI LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Share premium account £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2018	2,444	42,431,940	292	(38,665,980)	3,768,696
Comprehensive income for the year					
Loss for the year	-	-	-	(2,466,812)	(2,466,812)
Contributions by and distributions to owners					
Shares issued during the year	164	7,187,881	-	-	7,188,045
Transfer between other reserves	-	-	(94)	-	(94)
Share movements relating to intangible assets	94	-	(198)	-	(104)
At 1 January 2019	2,702	49,619,821	-	(41,132,792)	8,489,731
Comprehensive income for the year					
Loss for the year	-	-	-	(3,601,283)	(3,601,283)
At 31 December 2019	2,702	49,619,821	-	(44,734,075)	4,888,448

ALGOMI LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Cash flows from operating activities		
Loss for the financial year	(4,101,346)	(4,034,915)
Adjustments for:		
Depreciation of tangible assets	275,941	255,393
Loss on disposal of tangible assets	3,767	3,115
Interest paid	65,281	194,166
Interest received	(16,424)	(3,978)
Taxation credit	(1,023,669)	(876,547)
Decrease in debtors	1,736,644	1,673,021
Decrease in creditors	(1,865,910)	(1,256,142)
Increase/(decrease) in provisions	21,718	(26,463)
Corporation tax received	945,264	806,835
Currency translation differences	116,937	(255,666)
Net cash used in operating activities	(3,841,797)	(3,521,181)
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,572)	(89,940)
Sale of tangible fixed assets	-	5,185
Interest received	16,424	3,978
Net cash generated from/(used in) investing activities	14,852	(80,777)

ALGOMI LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Cash flows from financing activities		
Issue of ordinary shares	-	7,188,045
Repayment of loans	(1,050,862)	-
Repayment of other loans	-	(1,627,196)
Interest paid	(65,281)	(207,464)
Foreign exchange movement	23,002	185,939
Net cash (used in)/generated from financing activities	(1,093,141)	5,539,324
Net (decrease)/increase in cash and cash equivalents	(4,920,086)	1,937,366
Cash and cash equivalents at the beginning of the year	5,990,187	4,052,821
Cash and cash equivalents at the end of the year	1,070,101	5,990,187
Cash and cash equivalents at the end of the year comprise:		
Cash at bank and in hand	1,070,101	5,990,187
	1,070,101	5,990,187

ALGOMI LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	At 1 January 2019 £	Cash flows £	At 31 December 2019 £
Cash at bank and in hand	5,990,187	(4,920,086)	1,070,101
Debt due within 1 year	(1,050,862)	1,050,862	-
	<u>4,939,325</u>	<u>(3,869,224)</u>	<u>1,070,101</u>

ALGOMI LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

Algomi Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 08111389). The registered office address is 5 Churchill Place, London, England, E14 5RD.

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 Parent Company has taken advantage of the following exemptions available under FRS 102:

- the exemption from preparing a statement of cash flows;
- the exemption from disclosing key management personnel compensation; and
- reduced disclosures for share-based payments (as equivalent disclosures have been given in the consolidated financial statements presented alongside the Parent Company's own financial statements)

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) prepared to 31 December 2019. Control is achieved where the Company has the power to govern the financial and operating policies of an invested entity so as to obtain benefits from its activities. Joint ventures are consolidated in accordance with note 1.12.

In accordance with the transitional exemption available in FRS 102, the Group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 July 2014.

The foreign exchange differences that resulted from translation of the foreign subsidiaries' balances into Sterling are included in other comprehensive income. All intra-group transactions and balances and any unrealised gains and losses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.3 Going concern

The Group made a loss for the period of £4,220,375 (Company - £3,601,283), and had a cash outflow from operating activities for the period amounting to £3,841,797.

In assessing the going concern status, the Directors have carefully reviewed the future prospects of the Group and its future cash flows, including an assessment of the potential impact of the COVID-19 pandemic.

In addition, the Directors have considered the trading results since the period ended 31 December 2019 and have produced cashflow forecasts which show that the Group is reliant on continued support and additional funding from BGC Partners Inc in order for the Group and Company to meet their obligations as they fall due. BGC Partners Inc has confirmed its intention to provide sufficient resources up to a maximum of \$10,000,000 in order to meet liabilities as they fall due for a period of not less than 12 months from the date of this annual report.

As such the Directors have a reasonable expectation that the Group and Company have adequate resources to continue to meet their obligations as they fall due and continue in operational existence for the foreseeable future being at least the next 12 months from signing of these financial statements.

Accordingly, the Directors have prepared the financial statements on a going concern basis.

2.4 Foreign currency translation

Functional and presentation currency

The functional currency of Algomi Limited is considered to be GBP, the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in 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 and liabilities denominated in foreign currencies 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 that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'foreign exchange gains/(losses)'. All other foreign exchange gains and losses are also presented in the Consolidated Statement of Comprehensive Income within 'foreign exchange gains/(losses)'.

On consolidation, the results of overseas operations are translated into Sterling at the average rate for the period. 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 the average rate are recognised within other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue comprises licensing, subscription, facilitation of Amazon Web Services and software integration services provided during the year.

Revenue from subscriptions and licensing services is recognised on a straight-line basis over the subscription period.

Revenue from software integration services is recognised as contract activity progresses, to the extent that the outcome of the contract can be assessed with reasonable certainty.

2.6 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. At the Balance Sheet date all leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

2.7 Research and development

Research and development expenditure is written off in the year in which it is incurred.

2.8 Interest income

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

2.9 Finance costs

Finance costs are charged to profit or loss 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.

2.10 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.11 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, as follows.

Depreciation is provided on the following basis:

Long-term leasehold property	- Over the term of the lease
Fixtures and fittings	- 33% reducing balance method
Office equipment	- 33% reducing balance method

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.

2.12 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each Balance Sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each Balance Sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.13 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investment in joint ventures are accounted for at cost in the Parent Company and under the equity method for the Group consolidated accounts.

ALGOMI LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.14 Joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interest in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of profit or loss, other comprehensive income and equity of the associate. The Consolidated Statement of Comprehensive Income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. Where the joint venture is loss making this share is limited to the carrying value of the investment in the joint venture. In the Consolidated Balance Sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.15 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 profit or loss 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.

Other employee benefits including holiday pay and annual bonuses are accrued as services are rendered.

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 profit or loss 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.17 Financial instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Group's cash management.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.18 Share-based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the Consolidated Statement of Comprehensive Income.

When share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The Company has issued share options to certain Directors and employees. These financial statements do not include a charge to the Consolidated Statement of Comprehensive Income for equity settled share based payment arrangements, on the basis that the share options expired post year end as the sale of Lucera Connectivity Limited didn't meet the necessary performance target.

Further information regarding share-based payments is disclosed within note 21.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.19 Current and deferred taxation

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

The current tax charge is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax is recognised in respect of all timing differences between taxable profits and total comprehensive income that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for timing differences arising on investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle on a net basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the Balance Sheet date and the reported amounts of revenues and expenses during the reporting period.

Key sources of estimation uncertainty

Bad debt provision

The trade debtors balance of £34,361 (2018: £2,297,876) recorded in the Group's Balance Sheet (Company £1,076 (2018: £2,177,290)) comprises a relatively small number of balances. A full line by line review of trade debtors is carried out at the end of each period. Whilst every attempt is made to ensure that the bad debt provision is as accurate as possible, there remains a risk that the provision does not match the level of debts which ultimately prove to be uncollectable.

Financial instrument classification

The classification of financial instruments as "basic" or "other" requires judgement as to whether all the applicable conditions for classification as "basic" are met. This includes consideration of the form of the instrument and its return.

Valuation of intangible assets

In 2017, the Company acquired the 'ALFA' technology from Alliance Bernstein. ALFA is a pre-trade fixed income data aggregation and market surveillance solution for the asset management community.

The Company has subsequently undertaken further development of the asset to make the product marketable - these costs have been expensed in line with the Company's research and development policy.

Forecasts prepared by the Directors indicate that the total number of ordinary shares that will be issued in exchange for the ALFA asset will be 582,074 with a nominal value of £0.0005 resulting in a total nominal value of £289. The asset recognised within Intangibles has been reduced to reflect this value.

Recoverability of intercompany balances

The Company has provided amounts to a fellow subsidiary company of £3,342,331 (2018: £3,710,939) which are repayable on demand. These are impaired to their recoverable value should the counter-party not have sufficient resources to repay the amounts on demand after taking all possible steps including the sale of trade and assets. For the Company we have considered the recoverability taking into account the future forecasts and primarily the support provided from BGC Partners Inc. and as a result it is considered fully recoverable.

ALGOMI LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

4. Turnover

The whole of the turnover is attributable to the principal business activity of the Group.

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	1,088,755	3,126,112
Rest of Europe	2,457,757	3,327,494
Rest of the world	1,572,060	197,130
	<u>5,118,572</u>	<u>6,650,736</u>

5. Operating loss

The operating loss is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	267,744	255,393
Foreign exchange loss/(gain)	146,127	(255,666)
Operating lease rentals	704,773	757,883
Pension costs	127,195	128,098
	<u>1,245,839</u>	<u>885,718</u>

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>37,495</u>	<u>26,100</u>

Fees payable to the Group's auditor and its associates in respect of:

Taxation compliance services	6,000	5,500
Other services relating to taxation	23,600	12,000
All other assurance services	-	22,833
All other services	3,500	3,500
	<u>33,100</u>	<u>43,833</u>

ALGOMI LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	4,185,566	5,780,394	3,502,070	4,715,624
Social security costs	410,979	655,934	370,601	586,799
Cost of defined contribution scheme	127,195	128,098	96,970	88,858
	4,723,740	6,564,426	3,969,641	5,391,281

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.
Selling and distribution	6	8	3	-
Technical	33	42	32	42
Administrative	8	14	7	14
	47	64	42	56

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	389,943	720,597
Compensation for loss of office	-	154,137
	389,943	874,734

The highest paid Director received remuneration of £250,000 (2018: £259,137).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £Nil (2018: £Nil).

During the year retirement benefits were accruing to no Director (2018: 0) in respect of deferred contribution schemes.

Share-based payments attributable to certain Directors of the Company are disclosed in note 21. The Directors did not exercise any options during the period.

ALGOMI LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9. Interest receivable

	2019 £	2018 £
Other interest receivable	16,424	3,978

10. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	65,281	194,166

11. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on losses for the year	(920,579)	(841,613)
Adjustments in respect of previous periods	-	7,565
Foreign tax		
Foreign tax on income for the year	(21,741)	19,811
Total current tax	(942,320)	(814,237)
Deferred tax		
Origination and reversal of timing differences	37,680	(62,310)
Total deferred tax	37,680	(62,310)
Taxation on loss on ordinary activities	(904,640)	(876,547)

ALGOMI LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11. Taxation (continued)

Factors affecting tax charge for the year

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

	2019 £	2018 £
Loss on ordinary activities before tax	(5,125,015)	(4,911,462)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(973,753)	(933,178)
	(973,753)	(933,178)
Effects of:		
Expenses not deductible for tax purposes	156,987	517
Higher rate taxes on overseas earnings	7,007	248,335
Adjustments to tax charge in respect of prior periods	(6,014)	401,218
Short-term timing difference leading to a decrease in taxation	-	(18,443)
Additional deduction for R&D expenditure	(281,888)	-
Surrender of tax losses for R&D tax credit refund	118,119	-
Adjustment in research and development tax credit leading to a decrease in the tax charge	(532,943)	(746,476)
Fixed asset differences	6,349	9,195
Adjustment for opening deferred tax to average rate of 19%	(616,929)	-
Adjustment for closing deferred tax to average rate of 19%	-	65,875
Deferred tax not recognised	1,218,425	96,410
Total tax credit for the year	(904,640)	(876,547)

Factors that may affect future tax charges

At year end, the Company has £33,296,062 (2018: £32,516,274) of tax losses to carry forward against future trading profits.

A deferred tax asset in respect of tax trading losses has not been recognised due to uncertainty with regard to recoverability. The asset would be recovered if sufficient taxable trading profits arose in the future.

ALGOMI LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Intangible assets

Group and Company

	Computer software £
Cost	
At 1 January 2019	289
At 31 December 2019	<u>289</u>
Net book value	
At 31 December 2019	<u>289</u>
At 31 December 2018	<u>289</u>

In 2017, the Group entered into a contract to buy the software known as "ALFA" in return for ordinary shares in the Company.

The shares vest in four tranches, referred to as milestones. The first milestone was achieved on signing of the agreement to purchase ALFA in 2017. The second milestone was achieved during the prior year by reference to the development of the software.

The Company used a discounted cash flow model to assess the likelihood of the remaining milestones being achieved and therefore shares being issued. As a result, the value of the asset has been reduced to reflect the first two milestones being achieved only.

ALGOMI LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

13. Tangible fixed assets

Group

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 January 2019	941,188	401,156	645,939	1,988,283
Additions	-	-	1,572	1,572
Disposals	-	-	(11,159)	(11,159)
Exchange adjustments	(22,513)	(6,598)	(7,334)	(36,445)
At 31 December 2019	918,675	394,558	629,018	1,942,251
Depreciation				
At 1 January 2019	342,628	228,736	446,461	1,017,825
Charge for the year	89,303	61,286	125,352	275,941
Disposals	-	-	(7,392)	(7,392)
Exchange adjustments	(7,395)	(2,486)	(3,562)	(13,443)
At 31 December 2019	424,536	287,536	560,859	1,272,931
Net book value				
At 31 December 2019	494,139	107,022	68,159	669,320
At 31 December 2018	598,560	172,420	199,478	970,458

ALGOMI LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

13. Tangible fixed assets (continued)

Company

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 January 2019	363,299	234,180	467,862	1,065,341
Additions	-	-	1,572	1,572
Disposals	-	-	(2,512)	(2,512)
At 31 December 2019	363,299	234,180	466,922	1,064,401
Depreciation				
At 1 January 2019	155,446	165,807	356,076	677,329
Charge for the year	33,415	44,234	41,567	119,216
Disposals	-	-	(915)	(915)
At 31 December 2019	188,861	210,041	396,728	795,630
Net book value				
At 31 December 2019	174,438	24,139	70,194	268,771
At 31 December 2018	207,853	68,373	111,786	388,012

ALGOMI LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2019	84,389
At 31 December 2019	<u>84,389</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Algomi Corporation	135 East 57th Street, 28th Floor, New York 10022, USA	Providing software and solutions to the financial services industry	Ordinary	100%
Algomi Asia Pacific Limited	66F, The Center, 99 Queens Road Central, Hong Kong	Providing software and solutions to the financial services industry	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Algomi Corporation	(3,176,872)	(351,484)
Algomi Asia Pacific Limited	93,957	(133,159)

The Group holds a 50% equity investment in AlgoNext Limited (an unlisted entity), a software and solutions provider. The investment is accounted for using the equity method within the Group consolidated accounts, and under the cost method within the Company accounts.

The share of profit during the period was £Nil (2018: £Nil).

The carrying amount of the investment in AlgoNext Limited was £Nil at the end of the year (2018: £Nil).

No dividends were paid by AlgoNext Limited to Algomi Limited during the year (2018: £Nil).

ALGOMI LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

15. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Due after more than one year				
Other debtors	555,398	569,209	219,696	219,696
	555,398	569,209	219,696	219,696
Due within one year				
Trade debtors	34,361	2,297,876	1,076	2,177,290
Amounts owed by group undertakings	-	-	3,342,331	3,710,939
Other debtors	11,825	73,340	6,389	46,708
Other taxation and social security receivable	128,378	-	128,378	-
Prepayments and accrued income	253,014	173,066	228,919	135,990
Tax recoverable	492,122	98,251	379,321	-
Deferred taxation	-	33,393	-	-
	1,475,098	3,245,135	4,306,110	6,290,623

ALGOMI LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	-	1,050,862	-	1,050,862
Trade creditors	197,564	-	144,690	-
Amounts owed to group undertakings	-	-	91,637	206,602
Corporation tax	-	1,284	-	1,284
Other taxation and social security	80,805	247,495	73,277	247,117
Other creditors	1,682	36,038	-	32,427
Accruals and deferred income	1,030,653	2,893,075	414,522	2,543,978
	<u>1,310,704</u>	<u>4,228,754</u>	<u>724,126</u>	<u>4,082,270</u>

The Company's financing facility included loans of \$5,000,000 (tranche 1) and \$1,000,000 (tranche 2), (£3,795,643 and £804,570 respectively). Both loans accrued interest on a monthly basis of 11% per annum. Repayment for both tranches consisted of a payment of interest only for the first 3 months following the dates of the drawdowns. Subsequently, repayments were to be made over a period of 33 months in equal principal instalments plus accrued interest.

The loans were secured with a fixed and floating charge over the Company's assets. The loans were repaid during the year.

As at 31 December 2019, the bank loans creditor balance falling due within one year amounted to £Nil (2018: £1,050,862) and the bank loans creditor balance falling due after more than one year amounted to £Nil (2018: £Nil).

ALGOMI LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

17. Deferred taxation

Group

	2019 £	2018 £
At beginning of year	(33,393)	31,333
Charged/(credited) to profit and loss	37,873	(64,726)
At end of year	4,480	(33,393)

Company

	2019 £	2018 £
At beginning of year	6,014	68,324
Credited to profit and loss	(1,470)	(62,310)
At end of year	4,544	6,014

The deferred tax (asset)/provision is made up as follows:

	Group 2019 £	<i>Group 2018 £</i>	Company 2019 £	<i>Company 2018 £</i>
Accelerated capital allowances	4,480	<i>(33,393)</i>	4,544	<i>6,014</i>

ALGOMI LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

18. Provisions

Group

	Dilapidations provision £	Onerous lease provision £	Total £
At 1 January 2019	67,616	223,599	291,215
Charged to profit and loss	22,050	8,504	30,554
Exchange adjustments	-	(8,836)	(8,836)
At 31 December 2019	89,666	223,267	312,933

The dilapidations provision relates to the expectation of the dilapidations charge against property currently leased payable at the end of the lease terms. The provision is being recognised straight-line over the lease terms.

The onerous lease provision relates to early termination costs expected to be incurred when a member of the Group breaks from its present rental of office space.

Company

	Dilapidations provision £	Total £
At 1 January 2019	67,616	67,616
Charged to profit and loss	22,050	22,050
At 31 December 2019	89,666	89,666

The dilapidations provision relates to the expectation of the dilapidations charge against property currently leased payable at the end of the lease terms. The provision is being recognised straight-line over the lease terms.

ALGOMI LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

19. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
2,891,738 Ordinary shares of £0.0005 each	1,446	1,446
272,550 Preferred Series A shares of £0.0005 each	136	136
641,337 Preferred Series B shares of £0.0005 each	321	321
1,598,314 Preferred Series C shares of £0.0005 each	799	799
	<u>2,702</u>	<u>2,702</u>

Share rights

Ordinary shares confer the right to vote and to participate in dividends, capital, and other distributions including on winding up, upon payment of the preference amount. Ordinary shares are not redeemable.

Preferred Series A shares confer the right to vote and to participate in dividends, capital, and other distributions including on winding up, upon payment of the preference amount for Preference Series C and B shares, to the extent of the issue price paid per share multiplied by 1.1 to the power y (y is the number of days after the issue date of the series A shares divided by 365, net of previous such distributions). Preferred Series A shares are not redeemable.

Preferred Series B shares confer the right to vote and to participate in dividends, capital and other distributions including on winding up, upon payment of the preference amount for Preferred Series C, to the extent of the issue price paid per share multiplied by 1.1 to the power y (y is the number of days after the issue date of the Series B shares divided by 365, net of previous such distributions). Preferred Series B shares are not redeemable.

Preferred Series C shares confer the right to vote and to participate in dividends, capital and other distributions including winding up, ahead of all other classes of shares, except for Preferred Series C2 shares, to the extent of the issue price paid per share net of previous such distributions. Preferred Series C shares are not redeemable.

Preferred Series C2 shares confer the right to vote and to participate in dividends, capital and other distributions including winding up, ahead of all other classes of shares to the extent of the issue price paid per share net of previous such distributions. Preferred Series C2 shares are not redeemable.

The shares rank pari passu in all other respects.

ALGOMI LIMITED

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20. Reserves**Share premium account**

The share premium account is used to record the aggregate amount or value of premiums paid when the Company's shares are issued at an amount in excess of nominal value.

Foreign exchange reserve

The foreign exchange reserve relates to exchange differences arising on the consolidation of overseas subsidiaries.

Profit and loss account

The profit and loss account represents accumulated profits and losses less amounts distributed to shareholders.

21. Share-based payments

The Company operates equity settled share-based payments schemes. The Company has granted share options to certain Directors and employees during the period. All options are granted over ordinary shares, have a ten year life and are only exercisable in the event of a sale or listing of the Company, unless exercised at the Directors' discretion and the Directors have confirmed they do not foresee exercising their discretion.

As the share options expired post year-end as the sale to Lucera Connectivity did not meet the necessary performance targets no charge has been recognised in the financial statements for share-based payments.

Details of the share options granted are stated below.

	Weighted average exercise price (pence) 2019	Number 2019	<i>Weighted average exercise price (pence) 2018</i>	<i>Number 2018</i>
Outstanding at the beginning of the year	2,337	680,987	3,211	359,699
Granted during the year	2,564	50,700	2,382	339,292
Expired during the year	(2,453)	(16,244)	(3,292)	(18,004)
Outstanding at the end of the year	2,350	715,443	2,337	680,987

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22. 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 £127,195 (2018: £128,098). There were no contributions payable to the fund at the Balance Sheet date (2018: £Nil).

23. Commitments under operating leases

At 31 December 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 £
Leasehold property				
Not later than 1 year	592,222	800,599	144,620	388,134
Later than 1 year and not later than 5 years	230,666	846,313	-	144,620
	822,888	1,646,912	144,620	532,754
	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Other operating leases				
Not later than 1 year	11,765	11,765	11,765	11,765
	11,765	11,765	11,765	11,765

ALGOMI LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

24. Related party transactions

Share based payments attributable to certain Directors of the Company are disclosed within note 21.

Included within Directors' remuneration, within note 8, are amounts of £9,406 (2018: £30,175) paid by Algomi Limited to companies controlled by Directors of Algomi Limited, representing consultancy fees. Amounts owed at the year end was £Nil (2018: £Nil).

Remuneration of £46,964 (2018: £62,163) was paid to close family members of one Director (2018: two Directors) during the year.

Remuneration of £608,564 (2018: £974,933) was paid to Group key management personnel during the year. Group key management personnel includes the Directors, as well as other individuals deemed as having authority and responsibility for planning, directing and controlling the activities of the entity.

During the year, Algomi Limited recognised sales of £644,455 (2018: £645,510) to a joint venture. The joint venture is owned equally by Algomi Limited and a third party. Amounts outstanding from the joint venture, including VAT, at the year end amounted to £Nil (2018: £813,367). See note 25 where this joint venture was dissolved post year end.

The Company has taken advantage of the exemption under FRS 102 section 33.1A and has not disclosed transactions entered into between two or more members of a Group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that Group.

25. Post Balance Sheet events

COVID-19

Management is considering the potential economic impact to the Group of the COVID-19 pandemic. A number of front and back office employees and clients are currently operating successfully from remote locations, on the advice of local governments. IT and communications resources available to the Group have ensured that all staff can continue to work effectively and keep in regular contact with colleagues and clients, and as a result disruption has been kept to a minimum. Our actual trading experience to date has shown higher trading volumes and therefore revenues due to the increased financial market activity that is occurring. We do not expect there to be a material impact on our financial position at this time and we expect the Group to have adequate resources to continue operations for the foreseeable future. While there remains significant uncertainty regarding the developments of the pandemic and the future economic recovery, the Board has concluded that COVID-19 is a non-adjusting post Balance Sheet event.

Acquisition by Lucera Connectivity Limited

On 6 March 2020, 100% of the ordinary share capital of Algomi Limited was acquired by Lucera Connectivity Limited. Lucera Connectivity Limited is consolidated within the financial statements of BGC Partners Inc.

Joint venture

On 14 July 2020, a joint venture was dissolved following liquidation commencing on 3 September 2019.

Algomi Asia Pacific Limited

On 26 March 2020 the subsidiary entered liquidation.

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26. Controlling party

During the year the Directors did not consider there to be an ultimate controlling party of Algomi Limited. From 6 March 2020 the entire issued share capital of Algomi Limited was acquired by Lucera Connectivity Limited, a company registered in England and Wales, to become the immediate parent company. Cantor Fitzgerald L.P., a limited partnership registered in the United States of America, became the ultimate controlling party.

The smallest and largest group to make its financial statements publicly available into which the results of the Group will be further consolidated in future periods will be BGC Partners Inc., incorporated in the United States of America.