Registered number: 11219580

# PRIVALGO LIMITED

# ANNUAL REPORT AND FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 31 DECEMBER 2021

# PRIVALGO LIMITED

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# PRIVALGO LIMITED

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | Mr S Blake<br>Mr Z Bham<br>Mr D Biggs<br>Mr R Chunn<br>Mr M Clarke |
| **Registered number** | 11219580 |
| **Registered office** | 25 Eastcheap<br>London<br>EC3M 1DE |
| **Independent auditor** | Blick Rothenberg Audit LLP<br>Chartered Accountants & Statutory Auditor<br>16 Great Queen Street<br>Covent Garden<br>London<br>WC2B 5AH |

# STRATEGIC REPORT
# FOR THE YEAR ENDED 31 DECEMBER 2021

### Introduction

The directors present their strategic report for the company for the period ended 31 December 2021.

### Business review

The results of the company for the year, as set out in the profit and loss account, show a profit before tax for the year of £93k (7 months to December 2020: £920k). Turnover was £1,085,498k (7 months to December 2020: £688,825k) which reflects the strong performance of the business during the period.

There has been a continued investment in IT infrastructure and equipment to support both the increased trade and growing workforce. The company has continued to engage with its counterparties to develop a strong working relationship.

The directors continue to monitor the risks associated with the ongoing COVID-19 pandemic and continue to work to mitigate the impact on both the trade and the operations of the company.

### Principal risks and uncertainties

**Foreign exchange risk**

The company maintains bank accounts for the receipt and delivery of client funds. Trades with the broker counterparty are undertaken seamlessly in order to avoid any unecessary exposure to foreign exchange market movements. No cash transactions are completed with the broker counterparty without the client funds first received.

**Credit risk**

Credit risk arises when a client fails to put forward the funds to complete their transacted foreign currency contracts. The company mitigates this with a requirement for deposit downpayments on certain clients and trades and making margin calls to clients to cover adverse currency movements on a mark to market basis.

**Liquidity risk**

Liquidity risk arises from the management of working capital. Since incorporation in February 2018, the company has made investments in technology and the workforce in order to facilitate its trade. Funding has been provided by way of a £1.5m shareholder loan. At the period end, the company has drawn down only £1.0m of this loan, leaving a further £0.5m available for future use.

### Financial key performance indicators

The company monitors its progress by reference to a number of KPI’s, including the following financial KPI's:

**Turnover**

Dec 21: £1,085,498k

Dec 20: £688,825k (7 months)

Dec 20 annualised: £1,180,842k

**Gross margin**

Dec 21: 0.431%

Dec 20: 0.459%

**EBITDA**

Dec 21: £419k

Dec 20: £1,112k (7 months)

Dec 20 annualised: £1,906k

KPI's are monitored at monthly management meetings and as part of the regular management account reporting and planning activities.

2021 saw the start of the business' scaling plan and to achieve this the company made the decision to invest heavily in further infrastructure and personnel.

The anticipated impact on EBITDA reflects the investments in systems and controls, technology which will be accelerating the future of the business and will allow the company to grow in line with its revised business plan.

**Non-financial key performance indicators**

The following non-financial KPI's are also monitored by the company. The figures presented are year on year movements between December 2020 and December 2021:

Staff numbers increase: 55%

Client numbers increase: 26%

The above performance in the non-financial KPI's highlights the investment that Privalgo has made in the period as the company continues to expand its workforce. The company also continues to improve its client retention year on year, which is positively impacted by the improved systems and controls.

**Future developments**

Over the next 5 years, the company is looking to achieve upwardly revised growth, our ongoing approach to investment will provide the platform for this growth as well as our increasing clients numbers.

**Energy and carbon report**

In the year ended 31 December 2021, the company is classified as a low energy user as its total energy usage for the year calendar year to 31 December 2021 is below 40,000kWh. Therefore the company is exempt from providing an energy and carbon report under section 20D(7a) of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

**Other matters**

On 30 January 2020 the World Health Organisation declared Coronavirus (COVID-19) a public health emergency. There are no comparable recent events which may provide guidance as to the effect of the spread of COVID-19 and a potential pandemic, and, as a result, the ultimate impact of the COVID-19 outbreak or similar health epidemic is highly uncertain and subject to change. During the year ended 31 December 2021 the company was not materially affected by COVID-19 but the directors continue to monitor the potential longer term impact of the pandemic on its activities.

**Section 172 statement**

The directors of the company are mindful of their responsibilities under section 172 of the Companies Act 2006 to promote the success of the business through operating in accordance with good corporate practice and with considered engagement with the company's stakeholders.

100% of the company's shareholders are also directors of the company, and are therefore actively involved in all key decision-making.

The board of directors regularly review and identify other principal stakeholders of the business, and decisions in respect of the company's activities are made only after reviewing, and discussing, the potential impact on those stakeholders.

The directors continue to foster open and constructive engagement with the employees of the business in order to fairly represent the views of the workforce in matters affecting their interests.

Furthermore, in terms of engagement with the company's counterparty suppliers, the directors continue to actively monitor ethical standards, employment conditions and environmental issues to ensure that the wider business is compliant with global standards.

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

**Mr D Biggs**
Director

Date: 29 July 2022

# DIRECTORS' REPORT
# FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the year ended 31 December 2021.

**Principal activity**

The principal activity of the company during the period continued to be that of foreign exchange transaction and payment services.

**Results and dividends**

The profit for the year, after taxation, amounted to £221k (2020 - £747k).

The directors do not recommend a dividend.

**Directors**

The directors who served during the year were:

Mr S Blake
Mr Z Bham
Mr D Biggs
Mr R Chunn
Mr M Clarke

**Research and development activities**

The company has undertaken, and continues to undertake, an R&D project to develop a software platform that allows its customers to carry out foreign currency transfers and forward exchange transactions.

**Matters covered in the Strategic Report**

As permitted by s414c(11) of the Companies Act 2006, the directors have elected to disclose information, required to be in the directors' report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008', in the strategic report.

**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 and signed on its behalf.

**Mr D Biggs**
Director

Date: 29 July 2022

## DIRECTORS' RESPONSIBILITIES STATEMENT
## FOR THE YEAR ENDED 31 DECEMBER 2021

The directors are responsible for preparing the Strategic report, the Directors' 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.

### Opinion

We have audited the financial statements of Privalgo Limited (the 'company') for the year ended 31 December 2021, which comprise the Profit and loss account, the Balance sheet, 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

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

**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:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company's sector;
- we focused 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, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested a sample of journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. 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.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Churchill (Senior statutory auditor)
for and on behalf of
**Blick Rothenberg Audit LLP**
Chartered Accountants & Statutory Auditor
16 Great Queen Street
Covent Garden
London
WC2B 5AH

Date: 29 July 2022

## PROFIT AND LOSS ACCOUNT
## FOR THE YEAR ENDED 31 DECEMBER 2021

| | Note | Year ended 31 Dec 2021 £000 | Period ended 31 Dec 2020 £000 |
|---|---|---|---|
| Turnover | 3 | **1,085,498** | 688,825 |
| Cost of sales | | **(1,080,817)** | (685,660) |
| **Gross profit** | | **4,681** | 3,165 |
| Administrative expenses | | **(4,345)** | (2,240) |
| Other operating income | | **-** | 40 |
| Fair value movements | | **-** | 102 |
| **Operating profit** | 4 | **336** | 1,067 |
| Interest receivable and similar income | | **9** | - |
| Interest payable and similar expenses | 7 | **(252)** | (147) |
| **Profit before tax** | | **93** | 920 |
| Tax on profit | 8 | **128** | (173) |
| **Profit for the financial year/period** | | **221** | 747 |

There are no items of other comprehensive income for either the year or the prior period other than the profit for the period. Accordingly, no statement of other comprehensive income has been presented.

# PRIVALGO LIMITED

## BALANCE SHEET
## AS AT 31 DECEMBER 2021

| | Note | 2021 £000 | 2021 £000 | 2020 £000 | 2020 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 9 | | **179** | | 203 |
| Tangible assets | 10 | | **98** | | 102 |
| | | | **277** | | 305 |
| **Current assets** | | | | | |
| Debtors: amounts falling due after more than one year | 11 | **89** | | 89 | |
| Debtors: amounts falling due within one year | 11 | **29,664** | | 29,673 | |
| Cash at bank and in hand | 12 | **42,650** | | 17,047 | |
| | | **72,403** | | 46,809 | |
| Creditors: amounts falling due within one year | 13 | **(71,338)** | | (45,905) | |
| **Net current assets** | | | **1,065** | | 904 |
| **Total assets less current liabilities** | | | **1,342** | | 1,209 |
| Creditors: amounts falling due after more than one year | 14 | | **(1,000)** | | (1,000) |
| **Provisions for liabilities** | | | | | |
| Deferred tax | 15 | | **(3)** | | (1) |
| **Net assets** | | | **339** | | 208 |
| **Capital and reserves** | | | | | |
| Called up share capital | 16 | | **-** | | - |
| Profit and loss account | 17 | | **339** | | 208 |
| **Total equity** | | | **339** | | 208 |

# PRIVALGO LIMITED

## BALANCE SHEET (CONTINUED)
## AS AT 31 DECEMBER 2021

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

**Mr D Biggs**
Director

Date: 29 July 2022

The notes on pages 16 to 31 form part of these financial statements.

## PRIVALGO LIMITED

### STATEMENT OF CHANGES IN EQUITY
### FOR THE YEAR ENDED 31 DECEMBER 2021

| | Called up share capital | Profit and loss account | Total equity |
|---|---|---|---|
| | £000 | £000 | £000 |
| **At 1 June 2020** | - | (539) | (539) |
| Profit for the period | - | 747 | 747 |
| **At 1 January 2021** | - | 208 | 208 |
| Profit for the year | - | 221 | 221 |
| Purchase of own shares | - | (90) | (90) |
| **At 31 December 2021** | - | 339 | 339 |

# PRIVALGO LIMITED

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 DECEMBER 2021

| | 2021 £000 | 2020 £000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit for the financial year | **221** | 747 |
| **Adjustments for:** | | |
| Amortisation of intangible assets | **25** | 13 |
| Depreciation of tangible assets | **59** | 33 |
| Loss on disposal of tangible assets | **5** | - |
| Interest paid | **252** | 147 |
| Interest received | **(9)** | - |
| Taxation charge | **(128)** | 173 |
| Decrease/(increase) in debtors | **137** | (12,564) |
| Increase in creditors | **25,542** | 21,240 |
| Net fair value losses/(gains) recognised in P&L | **-** | (102) |
| Corporation tax (paid)/received | **(108)** | - |
| **Net cash generated from operating activities** | **25,996** | 9,687 |
| **Cash flows from investing activities** | | |
| Purchase of intangible fixed assets | **-** | (30) |
| Purchase of tangible fixed assets | **(60)** | (24) |
| Sale of tangible fixed assets | **-** | 2 |
| Interest received | **9** | - |
| **Net cash from investing activities** | **(51)** | (52) |
| **Cash flows from financing activities** | | |
| Interest paid | **(252)** | (147) |
| Purchase of own shares | **(90)** | - |
| **Net cash used in financing activities** | **(342)** | (147) |
| **Net increase in cash and cash equivalents** | **25,603** | 9,488 |
| Cash and cash equivalents at beginning of year | **17,047** | 7,559 |
| **Cash and cash equivalents at the end of year** | **42,650** | 17,047 |
| **Cash and cash equivalents at the end of year comprise:** | | |
| Cash at bank and in hand | **42,650** | 17,047 |
| | **42,650** | 17,047 |

## 1. General information

Privalgo Ltd is a private company limited by shares and incorporated and registered in England and Wales. The address of its registered office and principal place of business is 25 Eastcheap, London, England, EC3M 1DE.

The prior period was a short accounting period running from 1 June 2020 to 31 December 2020. Therefore the current year and prior period figures are not entirely comparable.

The financial statements are presented in Sterling (£) and rounded to thousands.

## 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 management to exercise judgement in applying the company's accounting policies.

The following principal accounting policies have been applied:

### 2.2 Going concern

The directors have considered whether the company has been affected by the economic impact and restrictions that have ensued following the COVID-19 pandemic that arose during the previous accounting period and up to the time of reporting. To date, the company has not observed any material impact on the activities due to COVID-19 as the operations of the company have been largely unaffected by the pandemic. The company continues to service their clients as staff are seamlessly able to work both from home and in the office as required.

Having considered post period-end financial results and forecasts, and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## 2. Accounting policies (continued)

### 2.3 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.

### 2.4 Revenue

Turnover represents the gross value of currency transactions undertaken by the company, which includes the company's premium on such trades. Turnover also includes the associated transaction charge income. The following criteria must be met before turnover is recognised:

Turnover is recognised after receiving the client's authorisation to undertake a currency transaction for immediate or forward delivery, and after the transaction has been processed and internally verified by the company.

Where the company enters into contracts for forward delivery of foreign currency with its clients, the company also enters into separate matched forward contracts with its brokers.

Where contracts for forward delivery are open at the year end, the balance of contracts due from the client at maturity is included in debtors and the corresponding liability with the company's brokers is included in creditors.

### 2.5 Operating leases: the company as lessee

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

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

## 2. Accounting policies (continued)

### 2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

### 2.7 Interest income

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

### 2.8 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

### 2.10 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 accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

**2. Accounting policies (continued)**

**2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. 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 balance sheet 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 balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; 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 balance sheet date.

**2.12 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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 bases:

| | | |
|---|---|---|
| Software development | - | % 10 years straight line |

The asset's residual value, useful life and depreciation method is reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

**2.13 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.

## 2. Accounting policies (continued)

### 2.13 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

| | | |
|---|---|---|
| Long-term leasehold property | - | Over the life of the lease |
| Plant and machinery | - | 3 years |
| Fixtures and fittings | - | 5 years |
| Office equipment | - | 2 years |
| Other fixed assets | - | 2 years |

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.

### 2.14 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.

### 2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the company 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 company 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.

### 2.16 Financial Instruments

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

**2. Accounting policies (continued)**

**Financial assets**

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

**Financial liabilities**

Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

**Impairment of financial assets**

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the 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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**Derecognition of financial assets and financial liabilities**

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

## 2. Accounting policies (continued)

### Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

In these financial statements, where the Company has the right to settle outstanding debtor and creditor balances with the broker on a net basis, those balances have been offset in the balance sheet.

## 3. Turnover

An analysis of turnover by class of business is as follows:

| | **Year ended 31 Dec 2021 £000** | Period ended 31 Dec 2020 £000 |
|---|---|---|
| Gross transaction value | **1,083,229** | 687,746 |
| Other income | **2,269** | 1,079 |
| | **1,085,498** | 688,825 |

All turnover arose within the United Kingdom.

## 4. Operating profit

The operating profit is stated after charging:

| | **Year ended 31 Dec 2021 £000** | Period ended 31 Dec 2020 £000 |
|---|---|---|
| Depreciation of tangible fixed assets | **59** | 33 |
| Amortisation of intangible fixed assets | **25** | 13 |
| Exchange differences | **10** | 5 |
| Other operating lease rentals | **153** | 90 |
| Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements | **39** | 22 |
| Fees payable to the company's auditor and its associates for non-audit services | **17** | 3 |
| (Profit)/loss on disposal of fixed assets | **5** | - |
| Defined contribution pension cost | **36** | 16 |

Amortisation of intangible assets is included in administrative expenses.

## 5. Employees

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

| | **Year ended 31 Dec 2021 £000** | Period ended 31 Dec 2020 £000 |
|---|---|---|
| Wages and salaries | **3,671** | 2,023 |
| Social security costs | **443** | 249 |
| Cost of defined contribution scheme | **36** | 16 |
| | **4,150** | 2,288 |

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

| | **Year ended 31 Dec 2021 No.** | Period ended 31 Dec 2020 No. |
|---|---|---|
| Admin | **26** | 14 |
| Sales | **14** | 10 |
| Directors | **5** | 5 |
| | **45** | 29 |

## 6. Directors' remuneration

| | **Year ended 31 Dec 2021 £000** | Period ended 31 Dec 2020 £000 |
|---|---|---|
| Directors' emoluments | **1,016** | 737 |
| Directors fees | **80** | 87 |
| Company contributions to defined contribution pension schemes | **5** | 3 |
| | **1,101** | 827 |

During the year retirement benefits were accruing to 4 directors (2020 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £254 thousand (2020 - £186 thousand).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1 thousand (2020 - £1 thousand).

### 7. Interest payable and similar expenses

| | Year ended 31 Dec 2021 £000 | Period ended 31 Dec 2020 £000 |
|---|---|---|
| Other loan interest payable | 252 | 147 |

### 8. Taxation

| | Year ended 31 Dec 2021 £000 | Period ended 31 Dec 2020 £000 |
|---|---|---|
| **Corporation tax** | | |
| Current tax on profits for the year | (61) | 108 |
| Adjustments in respect of previous periods | (69) | - |
| **Total current tax** | (130) | 108 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | 2 | 65 |
| **Total deferred tax** | 2 | 65 |
| **Taxation on (loss)/profit on ordinary activities** | (128) | 173 |

**8. Taxation (continued)**

**Factors affecting tax charge for the year/period**

The tax assessed for the year/period is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

| | Year ended 31 Dec 2021 £000 | Period ended 31 Dec 2020 £000 |
|---|---|---|
| Profit on ordinary activities before tax | **93** | 920 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%) | **18** | 175 |
| **Effects of:** | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | **8** | 5 |
| Capital allowances for year/period in excess of depreciation | **(4)** | - |
| Utilisation of tax losses | **(69)** | (64) |
| Other timing differences leading to an increase (decrease) in taxation | **(22)** | (8) |
| Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge | **(61)** | - |
| Deferred tax movement | **2** | 65 |
| **Total tax charge for the year/period** | **(128)** | 173 |

**Factors that may affect future tax charges**

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

### 9. Intangible assets

| | Computer software £000 |
|---|---|
| **Cost** | |
| At 1 January 2021 | **247** |
| At 31 December 2021 | **247** |
| **Amortisation** | |
| At 1 January 2021 | **43** |
| Charge for the year | **25** |
| At 31 December 2021 | **68** |
| **Net book value** | |
| At 31 December 2021 | **179** |
| **At 31 December 2020** | 203 |

Computer software represents a platform that allows the company's customers to carry out foreign currency transfers and forward exchange transactions. The asset has a remaining amortisation period of approximately 7 years.

## 10. Tangible fixed assets

| | Short-term leasehold property £000 | Plant and machinery £000 | Fixtures and fittings £000 | Office equipment £000 | Total £000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2021 | 91 | 3 | 44 | 67 | 205 |
| Additions | 2 | 6 | 8 | 44 | 60 |
| Disposals | - | (2) | (4) | (13) | (19) |
| At 31 December 2021 | 93 | 7 | 48 | 98 | 246 |
| **Depreciation** | | | | | |
| At 1 January 2021 | 40 | 2 | 18 | 43 | 103 |
| Charge for the year | 18 | 3 | 9 | 29 | 59 |
| Disposals | - | (1) | (2) | (11) | (14) |
| At 31 December 2021 | 58 | 4 | 25 | 61 | 148 |
| **Net book value** | | | | | |
| At 31 December 2021 | 35 | 3 | 23 | 37 | 98 |
| **At 31 December 2020** | 51 | 1 | 26 | 24 | 102 |

## 11. Debtors

| | 2021 £000 | 2020 £000 |
|---|---|---|
| **Due after more than one year** | | |
| Other debtors | **89** | 89 |

| | 2021 £000 | 2020 £000 |
|---|---|---|
| **Due within one year** | | |
| Trade debtors | **506** | 177 |
| Amounts receivable on open forward contracts | **27,307** | 28,103 |
| Other debtors | **1,603** | 1,231 |
| Prepayments and accrued income | **248** | 162 |
| | **29,664** | 29,673 |

## 12. Cash and cash equivalents

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Cash at bank and in hand | **42,650** | 17,047 |

Included in cash at bank and in hand shown above are amounts held in segregated accounts totalling £42,100k (2020: £16,254k).

## 13. Creditors: Amounts falling due within one year

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Trade creditors | **43,141** | 16,363 |
| Amounts payable on open forward contracts | **27,466** | 28,389 |
| Corporation tax | **-** | 108 |
| Other taxation and social security | **180** | 254 |
| Other creditors | **269** | 402 |
| Accruals and deferred income | **282** | 389 |
| | **71,338** | 45,905 |

Included in trade creditors shown above are amounts held by the company in segregated accounts on behalf of clients as Electronic Money Institution balances totalling £42,100k (2020: £16,254k).

## 14. Creditors: Amounts falling due after more than one year

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Other loans | **1,000** | 1,000 |

Amounts shown above in Other loans accrue interest at a rate of 25% per annum and are unsecured.

## 15. Deferred taxation

| | 2021 £000 |
|---|---|
| At beginning of year | **(1)** |
| Charged to profit or loss | **(2)** |
| **At end of year** | **(3)** |

The provision for deferred taxation is made up as follows:

| | 2021 £000 | 2020 £000 |
|---|---|---|
| Accelerated capital allowances | **(8)** | (3) |
| Other short term timing differences | **5** | 2 |
| | **(3)** | (1) |

## 16. Share capital

| | 2021 £ | 2020 £ |
|---|---|---|
| **Allotted, called up and fully paid** | | |
| 10,000 (2020 - 10,000) Ordinary shares of £0.01 each | **100** | 100 |

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

On 8 January 2021 the company bought back 445 Ordinary £0.01 shares, being the total holding of a minority shareholder, for total consideration of £90k.

As at 31 December 2021 the 445 Ordinary £0.01 shares were held as treasury shares by the company.

## 17. Reserves

**Profit and loss account**

The profit and loss account includes all current and prior period retained profits and losses.

## 18. 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 and amounted to £36k (2020: £16k). Contributions totalling £6k were due back from (2020: £12k was payable to) the fund at the balance sheet date and are included in debtors (2020: included in creditors).

## 19. Commitments under operating leases

At 31 December 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | **2021**<br>**£000** | 2020<br>£000 |
|---|---|---|
| Not later than 1 year | **192** | 267 |
| Later than 1 year and not later than 5 years | **135** | - |
| | **327** | 267 |

## 20. Other financial commitments

At 31 December 2021, the company had financial commitments of £24k (2020: £60k) towards payment service costs and £78k (2020: £nil) towards IT support and security costs.

## 21. Analysis of net debt

| | **At 1 January 2021**<br>**£000** | **Cash flows**<br>**£000** | **At 31 Dec 2020**<br>**£000** |
|---|---|---|---|
| Cash at bank and in hand | **17,047** | **25,603** | **42,650** |
| Debt due after 1 year | **(1,000)** | **-** | **(1,000)** |
| | **16,047** | **25,603** | **41,650** |

**22. Related party transactions**

During the period, directors of the company novated loans totalling £nil (2020: £1,056k) to entities under the control or significant influence of the directors. The company made payments to directors of £133k (2020: £21k). The company accrued interest at a rate of 2.5% on payments made to directors of £2k (2020: £nil). The company made sales to directors of £252k (2020: £172k) and received payments of £265k (2020: £172k) from directors. At the period end, the directors owed the company £155k (2020: £33k). The directors' loan will be repaid within 9 months of the balance sheet date.

During the period, the company made sales to close family members of directors of £45k (2020: £104k) and received payments of £45k (2020: £104k) from close family members of directors. At the period end, the company owed close family members of directors £nil (2020: £nil).

During the period, entities under the control or significant influence of directors novated loans totalling £nil (2020: £1,056k) and paid expenses of £nil (2020: £3k) on behalf of the company. The company accrued interest payable to entities under the control of directors totalling £289k (2020: £186k) and made payments of £312k (2020: £195k) to entities under the control or significant influence of directors. The company paid expenses of £5k (2020: £13k) and accrued partner commissions payable of £43k (2020: £13k) on behalf of entities under the control or significant influence of directors. The company made sales to entities under the control or significant influence of directors of £353k (2020: £194k) and received payments of £353k (2020: £194k) from entities under the control or significant influence of directors. At the period end, the company owed entities under the control or significant influence of directors £1,079k (2020: £1,063k).

Only the directors are considered to be key management personnel. Total remuneration in respect of the directors is disclosed in note 6.