

**Registered Number OC369106**

**Argentex LLP**

**Annual Report and Financial Statements  
For the year ended 31 March 2020**

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## **ARGENTEX LLP**

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## **ARGENTEX LLP**

### **DESIGNATED MEMBERS AND ADVISERS**

#### **Designated members**

C Jani  
H Adams  
A Egan  
Argentex Foreign Exchange Limited  
Argentex Capital Limited

#### **Registered office**

5 Old Bond Street  
Mayfair  
London  
W1S 4PD

#### **Bankers**

Barclays Bank  
93 Baker Street  
London  
W1A 4SD

#### **Auditor**

Nexia Smith & Williamson  
25 Moorgate  
London  
EC2R 6AY

#### **Solicitors**

Gowling WLG (UK) LLP  
4 More London Riverside  
London  
SE1 2AU

## **ARGENTEX LLP**

### **MEMBERS' REPORT for the year ended 31 March 2020**

The members present their report and the audited financial statements of the Limited Liability Partnership ("the LLP", "the partnership" or "Argentex") for the year ended 31 March 20.

#### **Principal activities and business review**

The principal activity of the LLP during the year was that of a deliverable foreign exchange broker.

The financial year represented a very strong year of growth for the LLP across all key profitability metrics, with gross notional FX traded increasing to £12.1bn, generating revenue of £29m. The number of trading clients continues to increase organically and the LLP continues to invest in staff, both front office and operations, appropriately and proportionately.

In June 2019, the LLP became part of the newly formed Argentex Group ("the Group"), and the new ultimate parent company, Argentex Group PLC listed its securities for trading on the AIM market of the London Stock Exchange. This listing raised £14m for the Group, of which £12m was deployed as equity capital into Argentex LLP. This capital injection has facilitated the year's growth and will continue to enable future growth plans to be enabled, as well as providing additional liquidity resource and buffers in the event of significant market events.

#### **Principal risks and uncertainties**

##### *Operational risk*

Operational risk is the risk of direct or indirect losses due to inadequate internal systems and controls. Management have implemented internal controls and processes that have reduced operational risks to acceptable levels.

##### *Credit risk*

The failure of a client to settle a contracted trade carries the risk of loss equal to the prevailing fair value of the trade. Argentex employs rigorous credit procedures and ongoing monitoring to maintain acceptable levels of client exposures, and stresses those exposures against potential market movements. The LLP continues to experience low levels of bad debts and has no material bad debts despite significant volatility and decline in global economic output following the beginning of the COVID-19 pandemic.

##### *Regulatory and compliance risk*

The LLP remains committed to upholding high levels of corporate governance and continues to invest in its compliance function both in human and technical resource. The LLP has successfully implemented the requirements of the FCA's Senior Managers and Certification Regime, and continues to monitor regulatory developments for changes in the payments, electronic money and investment landscape.

##### *Counterparty risk*

Argentex relies on third party institutions in order to trade and clear settlement funds through client accounts. It is the opinion of the business that the LLP's financial backing, turnover, systems and controls and quality of clients sets the business at the higher end of the spectrum of foreign exchange brokers in the UK. The LLP's business continuity procedures have established trading and settlement lines with several institutional counterparties which means that the withdrawal of services by a banking provider will have a negligible effect on the business.

##### *Political risk*

Events such as the UK's decision to leave the EU precipitate considerable volatility in the markets which provide opportunity as well as challenges. Of most immediate significance would be the loss of the LLP's ability to passport its regulatory permissions to other EU member states and provide FX, Electronic Money, Payment and MiFID Services to entities incorporated in Europe. The members continue to evaluate the ramifications of the negotiation process, and are in progress with expanding the LLP's presence in mainland Europe.

## **ARGENTEX LLP**

### **MEMBERS' REPORT for the year ended 31 March 2020 (continued)**

#### **Designated members**

The following were designated members during the year:

C Jani  
H Adams  
A Egan  
Argentex Foreign Exchange Limited  
Argentex Capital Limited (appointed 24 June 2019)  
H Beckwith (resigned 24 June 2019)  
M Johnson (resigned 24 June 2019)

#### **Members' drawings and the subscription and repayment of members' capital**

The Partnership Agreement governs policies for members' drawings, subscriptions and repayment of capital. No drawings or other payments can be made to or on behalf of any members, other than by distribution of profits, without the consent of the members. The LLP will reserve, out of profits before distribution, sufficient funds to provide for the working and regulatory capital requirements of the business.

#### **Allocation of profits and losses**

Any profits or losses are shared among the members as governed by the Partnership Agreement. Members are remunerated solely out of the profits or losses of the LLP and final allocations of profits or losses to members are made in accordance with the Partnership Agreement.

#### **Capital**

The members may only contribute to the LLP's capital in accordance with the Partnership Agreement. No member is entitled to interest on their capital.

#### **Going concern**

The designated members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. The LLP has been profitable since inception in 2011, has no external borrowings, and continues to generate sufficient cash to support the expectations of the designated members. As such, the LLP continues to adopt the going concern basis in preparing its financial statements.

The LLP has developed a set of financial measures designed to flexibly mitigate the expected near term operational and financial and longer term economic impact of the COVID-19 pandemic on the LLP and wider Group. Whilst these measures may be extended as events unfold, the designated members of the LLP are confident that they give flexibility and sufficient liquidity to the LLP business to ensure that the LLP can withstand significant shocks, whilst remaining as a going concern for the next twelve months from the date of approval of the member's report and financial statements.

#### **Pillar 3 disclosures**

The LLP's Pillar 3 disclosures can be obtained from the Argentex website: [www.argentex.com](http://www.argentex.com)

#### **Auditors**

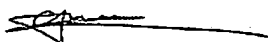
Nexia Smith & Williamson have indicated their willingness to be reappointed and the members have made appropriate arrangements for them to be deemed reappointed as auditors.

#### **Disclosure of information to auditor**

Each of the persons who are members at the time when the Members' Report is approved has confirmed that:

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

#### **Approved by the members and signed on their behalf**



C Jani  
Designated member  
Date: 27 July 2020

## **ARGENTEX LLP**

### **MEMBERS' RESPONSIBILITIES STATEMENT**

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

Company law as applied to limited liability partnerships requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law as applied to limited liability partnerships the members 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 limited liability partnership and of the profit or loss of the limited liability partnership for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

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

The designated members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

These responsibilities are exercised by the designated members on behalf of the members.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGENTEX LLP**

**Opinion**

We have audited the financial statements of Argentex LLP (the 'limited liability partnership') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Reconciliation of Members' Interests 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

**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 limited liability partnership 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.

**Emphasis of matter – impact of COVID-19**

We draw attention to note 1.3 of the financial statements, which describes the impact of COVID-19 on the limited liability partnership. Our opinion is not modified in respect of this matter.

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

**Other information**

The other information comprises the information included in Annual report and financial statements, other than the financial statements and our auditor's report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGENTEX LLP (continued)**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit.

**Responsibilities of members**

As explained more fully in the members' responsibilities statement set out on page 5, the members 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 members 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 members are responsible for assessing the limited liability partnership'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 members either intend to liquidate the limited liability partnership 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.

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](http://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 limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Nexia Smith & Williamson*

Guy Swarbreck  
Senior Statutory Auditor, for and on behalf of  
**Nexia Smith & Williamson**  
Statutory Auditor  
Chartered Accountants

25 Moorgate  
London  
EC2R 6AY

Date: 27 July 2020



**ARGENTEX LLP**

**STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2020**

	Notes	for the year ending 31 March 2020 £	for the year ending 31 March 2019 restated £
<b>Revenue</b>	1.4	<b>28,986,444</b>	<b>21,910,695</b>
<b>Direct costs</b>		(409,350)	(391,656)
<b>Gross Profit</b>		<b>28,577,094</b>	<b>21,519,039</b>
Administrative expenditure		(10,890,856)	(10,288,461)
<b>Operating profit</b>	8	<b>17,686,238</b>	<b>11,230,578</b>
Interest receivable and similar income		105,343	-
Interest payable and similar charges	7	(157,032)	(107,764)
<b>Profit for the financial year before members' remuneration and profit shares</b>		<b>17,634,549</b>	<b>11,122,814</b>
Members' remuneration charged as an expense	1.12	(17,634,549)	(11,122,814)
<b>Retained profit for the financial year available for discretionary division among members</b>		-	-
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		-	-

All of the LLP's operations are classed as continuing.

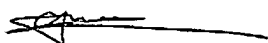
# ARGENTEX LLP

## STATEMENT OF FINANCIAL POSITION as at 31 March 2020

	Notes	31 March 2020 £	31 March 2019 £	1 April 2018 £
<b>Non-Current Assets</b>				
Intangible assets	9	1,793,385	1,756,435	1,118,055
Property, plant and equipment	10	211,693	473,406	842,473
Trade and other receivables	11	7,225,042	2,228,663	482,225
<b>Total non-current assets</b>		<b>9,230,120</b>	<b>4,458,504</b>	<b>2,442,753</b>
<b>Current assets</b>				
Trade and other receivables	11	18,073,482	10,279,640	14,901,392
Cash and cash equivalents	12	49,275,808	13,566,063	12,747,583
<b>Trade and other payables</b>	13	<b>(39,312,958)</b>	<b>(16,308,596)</b>	<b>(21,670,848)</b>
<b>Net current assets</b>		<b>28,036,332</b>	<b>7,537,107</b>	<b>5,978,127</b>
<b>Total assets less current liabilities</b>		<b>37,266,452</b>	<b>11,995,611</b>	<b>8,420,880</b>
Creditors: amounts falling due after more than one year	14	(4,024,158)	(547,779)	(724,117)
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<b>33,242,294</b>	<b>11,447,832</b>	<b>7,969,763</b>
<b>Loans and other debts due to members</b>				
Other reserves	1.13	16,569,893	6,781,194	3,050,125
Share Option reserve		5,763	-	-
<b>Members' other interests</b>				
Members' capital classified as equity	1.13	16,666,638	4,666,638	4,646,638
		<b>33,242,294</b>	<b>11,447,832</b>	<b>7,696,763</b>
<b>TOTAL MEMBERS' INTERESTS</b>				
Loans and other debts due to members		16,569,893	6,781,194	3,050,125
Share Option reserve		5,763	-	-
Members' other interests		16,666,638	4,666,638	4,646,638
		<b>33,242,294</b>	<b>11,447,832</b>	<b>7,696,763</b>

The notes on pages 12 to 40 form part of these financial statements.

The financial statements were approved and authorised for issue by the members on 27 July 2020 and were signed on its behalf by:



C Jani  
Designated member  
Argentex LLP, registered number OC369106

**ARGENTEX LLP**
**STATEMENT OF CASH FLOWS for the year ended 31 March 2020**

	Notes	31 March 2020 £	31 March 2019 £
<b>Net cash generated from operating activities before drawings and distributions to members</b>	18	<b>35,126,285</b>	<b>7,973,774</b>
Drawings and distributions to members		(7,845,850)	(7,391,745)
<b>Net cash generated from operating activities</b>		<b>27,280,435</b>	<b>582,029</b>
<b>Cash flow from investing activities</b>			
Payments to acquire property, plant and equipment		(101,323)	(53,069)
Payments to acquire intangible fixed assets		(1,083,412)	(1,417,090)
<b>Net cash used in investing activities</b>		<b>(1,184,735)</b>	<b>(1,470,159)</b>
<b>Cash flow from financing activities</b>			
(Repayment of) new short term loans	15	(1,997,430)	1,997,430
Payments under lease arrangements		(388,525)	(310,820)
Capital contributions by members		12,000,000	20,000
<b>Net cash inflow from financing activities</b>		<b>9,614,045</b>	<b>1,706,610</b>
<b>Net increase in cash and cash equivalents</b>		<b>35,709,745</b>	<b>818,480</b>
Cash and cash equivalents at beginning of the year		13,566,063	12,747,583
<b>Cash and cash equivalents at end of the year</b>		<b>49,275,808</b>	<b>13,566,063</b>

**ARGENTEX LLP**

**RECONCILIATION OF MEMBERS' INTERESTS (INCLUDING STATEMENT OF CHANGES IN EQUITY) for the year ended 31 March 2020**

	<b>Members capital classified as equity £</b>	<b>Loans and other debts due to members £</b>	<b>Total £</b>
<b>Members' interests at 1 April 2018</b>	<b>4,646,638</b>	<b>3,050,125</b>	<b>7,696,763</b>
Amounts due to members		3,050,125	
Members' remuneration charged as an expense	-	11,122,814	11,122,814
Members' interests after profit for the year	4,646,638	14,172,939	18,819,577
Capital introduced by members	20,000	-	20,000
Drawings	-	(7,391,745)	(7,391,745)
<b>Members' interests at 31 March 2019</b>	<b>4,666,638</b>	<b>6,781,194</b>	<b>11,447,832</b>
Amounts due to members		6,781,194	
Members' remuneration charged as an expense	-	17,634,549	17,634,549
Members' interests after profit for the year	4,666,638	24,415,743	29,082,381
Capital introduced by members	12,000,000	-	12,000,000
Share Option Reserve	5,763	-	5,763
Drawings	-	(7,845,850)	(7,845,850)
<b>Members' interests at 31 March 2020</b>	<b>16,672,401</b>	<b>16,569,893</b>	<b>33,242,294</b>
Amounts due to members		16,569,893	

In the event of a winding up, amounts due to members rank pari passu in relation to all other unsecured creditors.

## ARGENTEX LLP

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

#### 1 Accounting policies

##### 1.1 General information and basis of accounting

Argentex LLP is incorporated and domiciled in the United Kingdom under the Limited Liability Partnerships Act 2000. The financial statements have been prepared in accordance with the IFRSs as adopted by the EU and interpretations issued by the IFRS Interpretations Committee (IFRS IC). The financial statements are also prepared in accordance with those parts of the Companies Act 2006 as applied by the Limited Liability Partnerships Act (Accounts and Audit) (Applications of the Companies Act 2006) Regulations 2008 that are applicable to LLPs reporting under IFRSs as adopted by the EU. The accounting policies set out below, unless otherwise stated, have been applied consistently to all periods presented.

##### 1.2 Measurement convention

The balance sheet has been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

##### Changes in accounting policies and disclosures

*New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 April 2019*

The following new and amended standards and interpretations are not currently mandatory, and not yet relevant to the LLP, however they may have an impact in future years:

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3: Definition of a Business
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

##### 1.3 Going concern

The designated members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the approval date of these financial statements. The LLP has been profitable since inception in 2011, has no external debt, and continues to generate sufficient cash to support the expectations of the designated members. Budgets and cash flow forecasts are prepared to cover a variety of scenarios and are subsequently reviewed by the members to ensure they support the LLP's continuing ability to operate as a going concern.

Sensitivity analysis has been performed in respect of specific scenarios which could negatively impact the future performance of the LLP, including lower levels of revenue, compression in profitability margins, extensions to the LLP's working capital cycle, and significant increases in volatility requiring further capital to be placed with the LLP's institutional counterparties.

In addition, the members have also considered mitigating actions such as lower capital expenditure and other short-term cash management activities within their control (see note 16 for further disclosures relating to liquidity risk).

The LLP has developed a set of financial measures designed to flexibly mitigate the expected near term operational and financial and longer term economic impact of the COVID-19 pandemic on the LLP.

Whilst these measures may be extended as events unfold, the members are confident that in context of the LLP's financial requirements they give flexibility and sufficient liquidity to the LLP business to ensure that the LLP can withstand significant shocks, whilst remaining as a going concern for the next twelve months from the date of approval of the Members' report and financial statements.

Accordingly, the LLP has adopted the going concern basis in preparing these financial statements.

**Accounting policies (continued)**

**1.4 Revenue**

Revenue represents the difference between the cost and selling price of currency and is recognised after receiving the client's authorisation to undertake a foreign currency transaction for immediate or forward delivery. Derivative assets and liabilities are initially measured at fair value at the date the derivative contract is entered into and are subsequently remeasured to fair value at each financial period end date. The resulting gain or loss is recognised within Revenue immediately.

The difference between the costs and selling price of currency is recognised as revenue as this reflects the consideration to which the LLP expects to be entitled in exchange for those services.

In relation to currency options, the LLP recognises the net option premium receivable as revenue on the date that the option is executed. (See note 5).

**1.5 Financial instruments**

The LLP operates principally as a deliverable foreign exchange broker therefore financial instruments are significant to its financial position and performance.

**1.5.1 Initial recognition**

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**1.5.2 Derivative financial instruments**

Forward foreign exchange derivatives are classified as financial assets and liabilities at FVTPL. Derivative assets and liabilities are initially measured at fair value at the date the derivative contract is entered into and are subsequently remeasured to fair value at each financial period end date. The resulting gain or loss is recognised within Revenue immediately. The LLP does not apply hedge accounting.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability, unless a bilateral netting agreement exists between the LLP and its counterparty, in which case derivative financial asset and liability positions with the counterparty are aggregated to produce a single netted asset or liability.

The fair value of forward currency contracts is based on their observable mid, offer and bid prices in the foreign exchange marketplace requiring no significant adjustment.

**1.5.3 Foreign exchange gains and losses on derivative financial asset and liabilities**

Assets and liabilities are measured at their fair value based on the transaction price agreed with the customer or counterparty and their observable fair value in the foreign exchange market, and any assets or liabilities in a foreign currency are revalued at the balance sheet date. Management consider the potential impact of exchange rate movements on positions held to be immaterial as substantially all of the LLP's positions are fully hedged with a number of counterparty banks.

**Accounting policies (continued)**

**1.5.4 Derecognition of derivative financial asset and liabilities**

The LLP derecognises derivative financial assets and liabilities when they reach maturity and the contractual cashflows are exchanged between the client and the LLP or the LLP and the institutional counterparty. At this point, the assets and liabilities have expired and the obligations of the LLP, the client and the institutional counterparty have been discharged.

**1.5.5 Amortised cost and effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial liability or debt instrument and of allocating interest over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial asset or liability.

The LLP has not purchased or originated any credit-impaired financial assets.

**1.5.6 Classification of financial assets**

Recognised financial assets within the scope of IFRS 9 are required to be classified as subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) on the basis of both the LLP's business model and the contractual cash flow characteristics of the financial assets.

**1.5.6.1 Financial assets at FVTPL**

Forward foreign exchange contracts and foreign exchange options are measured at FVTPL (see note 16).

Other financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL (see note 17).

Fair value is determined in the manner described in note 17.

**1.5.6.2 Other financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**1.5.7 Impairment of financial assets**

The LLP recognises impairment on an Expected Credit Loss (ECL) basis, using historical and forward looking information. The only financial assets at amortised cost that this applies to are Other Debtors.

**1.5.8 Derecognition of other financial assets**

The LLP derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**Accounting policies (continued)**

**1.5.9 Classification of financial liabilities**

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

**1.5.9.1 Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

Fair value is determined in the manner described in note 17.

**1.5.9.2 Other Financial liabilities**

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The LLP holds amounts payable to customers at amortised cost. These are short term balances that do not attract interest.

**1.5.10 Derecognition of other financial liabilities**

The LLP derecognises financial liabilities when, and only when, the LLP's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

**1.6 Cash**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand or deposits held at call with financial institutions.

**1.7 Leases**

At inception of a contract the LLP assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of the identified asset the LLP considers whether:

1. The LLP has the right to operate the asset
2. The LLP designed the asset in a way that predetermines how and for what purpose it will be used.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the LLP's incremental borrowing rate on commencement of the lease is used. It is remeasured when there is a change in future lease payments arising from a change in rate, if there is a change in the LLP's estimate of the amount expected to be payable under a residual value guarantee or if the LLP changes its assessment of whether it will exercise a purchases, extension or termination option.

When the lease liability is remeasured in this way, either a corresponding adjustment is made to the carrying amount of the right to use asset and the revised carrying amount is amortised over the remaining (revised) lease term, or it is recorded in profit and loss if the carrying amount of the right to use assets has been reduced to zero.

Right of use assets are initially measured at the amount of the lease liability.



**Accounting policies (continued)**

**1.7 Leases (continued)**

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if judged to be shorter than the lease term.

The LLP presents right to use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'Trade and other payables' in the statement of financial position.

**1.8 Intangible assets and amortisation**

Identifiable intangible assets are recognised when the LLP controls the asset, it is probable that future economic benefits attributed to the asset will flow to the LLP and the cost of the asset can be reliably measured.

Software development costs comprise the LLP's bespoke dealing system. Costs that are directly associated with the production of identifiable and unique dealing system controlled by the LLP, and are probable of producing future economic benefits, are recognised as intangible assets. Direct costs of software development include employee costs and directly attributable overheads.

Costs are capitalised to the extent that they represent an improvement, enhancement or update to the intangible asset. Maintenance costs are expensed through the Income Statement.

Amortisation is charged to the income statement over the estimated useful live of three years of the dealing system from the date developments are available for use, on a straight-line basis.

The amortisation basis adopted reflects the LLP's consumption of the economic benefit from that asset.

**1.9 Property, Plant & Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost of assets to their residual values, over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment	-	Three years
Computer equipment	-	Three years
Leasehold improvements	-	Over the period of the lease
Right-of-use assets	-	Over the period of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

**1.10 Foreign currencies**

Non-derivative monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

## **ARGENTEX LLP**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020**

#### **Accounting policies (continued)**

##### **1.11 Employee benefits**

###### *(i) Short term benefits*

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

###### *(ii) Defined contribution pension plans*

The LLP operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the LLP pays fixed contributions into a separate entity. Once the contributions have been paid the LLP has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the LLP in independently administered funds.

##### **1.12 Members' remuneration**

Members' remuneration is determined by reference to the nature of the participation of rights. It includes both remuneration where there is a contract of employment and any profits that are automatically divided between members by virtue of the members' agreement, to the extent that the LLP does not have an unconditional right to avoid payment. To the extent that these profits remain unpaid at the year end, they are shown as liabilities in the Statement of Financial Position.

##### **1.13 Members' interests**

Member capital is only repaid to outgoing members in accordance with the provision in the Members' Deed where the LLP has both sufficient capital for FCA regulatory requirements, and the capital is replaced by new capital contributions from existing or new members. As such it is accounted for as equity.

Other amounts due to Members classified as a liability relate to undistributed profits and Members' taxation reserves.

## **2 Key sources of estimation, uncertainty and judgements**

The LLP makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### **Accounting judgements**

##### *(i) Capitalisation of costs to intangible assets*

The LLP makes judgements to determine the extent to which costs should be capitalised to intangible assets. The LLP capitalises costs as intangible assets if they have a value that will benefit the performance of the LLP over future periods. To assist in making this judgement, the LLP undertakes an assessment, at least annually, of the carrying value of the intangible assets.

**2 Key sources of estimation, uncertainty and judgements (continued)**

**Accounting judgements (continued)**

(ii) Impairment of non-financial assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced.

**Key sources of estimation uncertainty**

(i) Useful economic life of intangible assets (see note 9)

Technology within the financial services sector is in a perpetual state of development and evolution, providing uncertainty over the useful economic life of the LLP's bespoke dealing system.

(ii) Expected credit losses (see note 17)

Expected credit losses include forward looking estimates which represent management's best estimate of the future performance of the LLP's other financial assets.

**3 First-time adoption of IFRS**

These financial statements for the year ended 31 March 2020 are the first the LLP has prepared in accordance with IFRS. For periods up to and including the year ending 31 March 2019 the LLP prepared its financial statements in accordance with United Kingdom Accounting Standards (FRS 102).

Accordingly, the LLP has prepared financial statements that comply with IFRS applicable as at 31 March 2020, together with comparative period data for the year ended 31 March 2019, as described in the summary of significant accounting policies. In preparing the financial statements, the LLP's opening statement of financial position was prepared as at 1 April 2018, the LLP's date of transition to IFRS. This note explains the principle adjustments made by the LLP in restating its financial statements, including the Statement of financial position as at 1 April 2018 and the financial statements for year ending 31 March 2019.

The principal adjustment has been the adoption of IFRS 16.

**ARGENTEX LLP**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020**

**3 First-time adoption of IFRS (continued)**

**Reconciliation of Equity as at 1 April 2018**

	Notes	UK GAAP £	Remeasurement £	IFRS £
<b>Non-Current Assets</b>				
Intangible assets		1,118,055	-	1,118,055
Plant and equipment		314,373	-	314,373
Trade and other receivables		482,225	-	482,225
Right-of-use Assets	A	-	528,100	528,100
<b>Total non-current assets</b>		<b>1,914,653</b>	<b>528,100</b>	<b>2,442,753</b>
<b>Current assets</b>				
Trade and other receivables		14,901,392	-	14,901,392
Cash and cash equivalents		12,747,583	-	12,747,583
<b>Trade and other payables</b>	B	<b>(21,488,818)</b>	<b>(182,030)</b>	<b>(21,670,848)</b>
<b>Net current assets</b>		<b>6,160,157</b>	<b>(182,030)</b>	<b>5,978,127</b>
<b>Total assets less current liabilities</b>		<b>8,074,810</b>	<b>346,070</b>	<b>8,420,880</b>
Creditors: amounts falling due after more than one year	C	(346,839)	(377,278)	(724,117)
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<b>7,727,971</b>	<b>(31,208)</b>	<b>7,696,763</b>
<b>Loans and other debts due to members</b>				
Other reserves		3,081,333	(31,208)	3,050,125
<b>Members' other interests</b>				
Members' capital classified as equity		4,646,638	-	4,646,638
		<b>7,727,971</b>	<b>(31,208)</b>	<b>7,696,763</b>
<b>TOTAL MEMBERS' INTERESTS</b>				
Amounts due from members		-	-	-
Loans and other debts due to members		3,081,333	(31,208)	3,050,125
Members' other interests		4,646,638	-	4,646,638
		<b>7,727,971</b>	<b>(31,208)</b>	<b>7,696,763</b>

# ARGENTEX LLP

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

### 3 First-time adoption of IFRS (continued)

#### Reconciliation of Equity as at 31 March 2019

	Notes	UK GAAP £	Remeasurement £	IFRS £
<b>Non-Current Assets</b>				
Intangible assets		1,756,435	-	1,756,435
Plant and equipment		180,017	-	180,017
Trade and other receivables		2,228,663	-	2,228,663
Right-of-use Assets	A	-	293,389	293,389
<b>Total non-current assets</b>		<b>4,165,115</b>	<b>293,389</b>	<b>4,458,504</b>
<b>Current assets</b>				
Trade and other receivables		10,279,640	-	10,279,640
Cash and cash equivalents		13,566,063	-	13,566,063
<b>Trade and other payables</b>	B	<b>(16,069,816)</b>	<b>(238,780)</b>	<b>(16,308,596)</b>
<b>Net current assets</b>		<b>7,775,887</b>	<b>(238,780)</b>	<b>7,537,107</b>
<b>Total assets less current liabilities</b>		<b>11,941,002</b>	<b>54,609</b>	<b>11,955,611</b>
Creditors: amounts falling due after more than one year	C	(470,461)	(77,318)	(547,779)
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<b>11,470,541</b>	<b>(22,709)</b>	<b>11,447,832</b>
<b>Loans and other debts due to members</b>				
Other reserves		6,803,903	(22,709)	6,781,194
<b>Members' other interests</b>				
Members' capital classified as equity		4,666,638	-	4,666,638
		<b>11,470,541</b>	<b>(22,709)</b>	<b>11,447,832</b>
<b>TOTAL MEMBERS' INTERESTS</b>				
Amounts due from members		-	-	-
Loans and other debts due to members		6,803,903	(22,709)	6,781,194
Members' other interests		4,666,638	-	4,666,638
		<b>11,470,541</b>	<b>(22,709)</b>	<b>11,447,832</b>

**ARGENTEX LLP**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020**

**3 First-time adoption of IFRS (continued)**

**Reconciliation of Statement of Comprehensive income for the year ended 31 March 2019**

	Notes	UK GAAP £	Remeasurement £	IFRS £
<b>Revenue</b>		<b>21,910,695</b>	-	<b>21,910,695</b>
Direct Expenses	D	-	(391,656)	(391,656)
<b>Gross Profit</b>		<b>21,910,695</b>	<b>(391,656)</b>	<b>21,519,039</b>
Administrative expenditure	E	(10,404,724)	116,263	(10,288,461)
<b>Operating profit</b>		<b>11,505,971</b>	<b>(275,393)</b>	<b>11,230,578</b>
Interest payable and similar charges	F	(391,656)	283,892	(107,764)
<b>Profit for the financial year before members' remuneration and profit shares</b>		<b>11,114,315</b>	<b>8,449</b>	<b>11,122,814</b>
Members' remuneration charged as an expense		(11,114,315)	(8,449)	(11,122,814)
<b>Retained profit for the financial year available for discretionary division among members</b>		-	-	-
Other comprehensive income		-	-	-
<b>Total comprehensive income for the year</b>		-	-	-

## ARGENTEX LLP

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

#### 3 First-time adoption of IFRS (continued)

Notes to the reconciliation of equity as at 1 April 2018 & 31 March 2019 and total comprehensive income for the year ended 31 March 2019

A, B & C: Right of use assets & Trade and other payables

The LLP has applied IFRS 16 using the retrospective approach. The LLP presents right of use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'Trade and other payables' in the statement of financial position. Previously they were accounted for as operating leases (see note 15).

D: Direct Expenses

Banking charges relating to foreign exchange broking have been reclassified as direct expenses instead of interest payable and similar charges.

E: Administrative Expenses F: Interest payable and similar charges

The operating lease costs for the LLP's rent have been reclassified as asset in use depreciation and lease interest payments in accordance with IFRS 16.

#### 4 Segmental reporting

The Members considers that the LLP consists of a single operating segment (being the LLP's foreign exchange dealing business) and that it operates in a market that is not bound by geographical constraints. No customer contributed to more than 10 per cent. of revenues in the year ended 31 March 2020 (2019: none).

#### 5 Revenue

	2020 £	2019 £
An analysis of the LLP's revenue is as follows:		
Spot and Forward foreign exchange contracts	27,120,119	21,669,277
Option premiums	1,866,325	241,418
	<hr/>	<hr/>
	28,986,444	21,910,695
	<hr/>	<hr/>

#### 6 Information in relation to members

	2020 Number	2019 Number
The average number of members during the year was	16	14
	<hr/>	<hr/>
	£	£
Paid under the terms of the LLP agreement	17,634,549	11,122,814
	<hr/>	<hr/>
The amount of profit attributable to the member with the largest entitlement was	8,113,928	2,139,567
	<hr/>	<hr/>

Profit attributable to the member with the largest entitlement is determined by reference to their allocation of profit under the terms of the LLP agreement for the financial year.

**ARGENTEX LLP****NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020****6 Information in relation to members (continued)**

The average number of persons (including members with contracts of employment) employed by the LLP during the year was as follows:

	<b>2020 Number</b>	<b>2019 Number</b>
Sales and dealing	28	26
Operations	12	11
	<hr/> <b>40</b> <hr/>	<hr/> <b>37</b> <hr/>
	<b>£</b>	<b>£</b>
Staff costs for the above persons were:		
Wages and salaries	5,118,904	5,060,769
Social security costs	657,861	672,575
Pension costs	45,490	37,898
	<hr/> <b>5,822,255</b> <hr/>	<hr/> <b>5,771,242</b> <hr/>

**7 Interest payable and similar charges**

	<b>2020 £</b>	<b>2019 £</b>
Interest on short term loans	133,362	78,998
Other interest	12,298	-
Interest on lease arrangements	11,372	28,766
	<hr/> <b>157,032</b> <hr/>	<hr/> <b>107,764</b> <hr/>

**8 Profit for the financial year before members' remuneration**

	<b>2020 £</b>	<b>2019 £</b>
Profit is stated after charging/(crediting):		
Depreciation of owned fixed assets (note 10)	363,036	422,136
Amortisation of intangible assets (note 9)	1,046,462	778,710
Net loss/(gain) on foreign currency translation	66,060	(152,057)
Auditor's remuneration		
- Fees payable to the auditor for audit services	59,064	45,000
- Fees payable to the auditor and their associates for other services	9,780	97,000
	<hr/> <hr/>	<hr/> <hr/>

Fees payable to the auditor for other services is disclosed in Group's consolidated financial statements



**ARGENTEX LLP****NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020****9 Intangible fixed assets**

	<b>Software development costs £</b>
<b>Cost</b>	
At 1 April 2018	2,026,993
Additions	1,417,090
At 31 March 2019	3,444,083
Additions	1,083,412
At 31 March 2020	4,527,495
<b>Amortisation</b>	
At 1 April 2018	908,938
Charge for year	778,710
At 31 March 2019	1,687,648
Charge for year	1,046,462
At 31 March 2020	2,734,110
<b>Net book value</b>	
At 31 March 2020	<b>1,793,385</b>
At 31 March 2019	1,756,435
At 1 April 2018	1,118,055

**ARGENTEX LLP****NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020****10 Property, plant and equipment**

<b>Cost</b>	<b>Leasehold improvements</b>	<b>Right of use Asset</b>	<b>Office equipment</b>	<b>Computer equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2018	351,700	1,173,525	241,813	267,684	2,034,722
Additions	-	-	1,212	51,857	53,069
At 31 March 2019	351,700	1,173,525	243,025	319,541	2,087,791
Additions	-	-	3,030	98,293	101,323
At 31 March 2020	351,700	1,173,525	246,055	417,834	2,189,114

**ARGENTEX LLP**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020**

<b>Depreciation</b>	<b>Leasehold improvements</b>	<b>Right of use Asset</b>	<b>Office equipment</b>	<b>Computer equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2018	178,692	645,425	204,170	163,962	1,192,249
Charge for the year	74,228	234,711	37,033	76,164	422,136
At 31 March 2019	252,920	880,136	241,203	240,126	1,614,385
Charge for the year	74,227	234,949	1,917	51,943	363,036
At 31 March 2020	327,147	1,115,085	243,120	292,069	1,977,421
<b>Net book value</b>					
At 31 March 2020	<b>24,553</b>	<b>58,440</b>	<b>2,935</b>	<b>125,765</b>	<b>211,693</b>
At 31 March 2019	98,780	293,389	1,822	79,415	473,406
At 1 April 2018	173,008	528,100	37,643	103,722	842,473

**ARGENTEX LLP****NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020****11 Trade and other receivables**

	<b>31 March 2020 £</b>	<b>31 March 2019 £</b>	<b>1 April 2018</b>
<b>Non-Current</b>			
Derivative financial assets at fair value (note 17)	7,225,042	2,228,663	482,225
<b>Current</b>			
Derivative financial assets at fair value (note 17)	17,633,046	9,927,443	14,324,252
Other debtors	238,508	49,698	39,860
Prepayments	201,928	302,499	537,280
	<b>18,073,482</b>	<b>10,279,640</b>	<b>14,901,392</b>

The LLP always measures the loss allowance for other receivables at an amount equal to 12 month ECL. If there is a significant increase in credit risk, credit losses are recognised on the lifetime ECL basis. The expected credit losses on other receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The LLP writes off receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over two years past due, whichever occurs earlier.

**12 Cash and cash equivalents**

Cash and cash equivalents include cash on hand and at banks. Cash and cash equivalents at the end of the reporting period can be reconciled to the related items in the statement of financial position as follows:

	<b>31 March 2020 £</b>	<b>31 March 2019 £</b>	<b>1 April 2018 £</b>
Cash and cash equivalents	<b>49,275,808</b>	<b>13,566,063</b>	<b>12,747,583</b>

Included within cash and cash equivalents are client held funds relating to margins received and client balances payable (See note 13). Client balances held as electronic money in accordance with the Electronic Money Regulations 2011 are held in accounts segregated from the firm's own bank accounts in authorised credit institutions.

The directors consider that the carrying amount of these assets is a reasonable approximation of their fair value. Cash is held at authorised credit institutions and non-bank financial institutions with robust credit ratings (where published) and sound regulatory capital resources.

# ARGENTEX LLP

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

### 13 Trade and other payables

	31 March 2020 £	31 March 2019 £	1 April 2018 £
Trade creditors	1,575	-	4,830
Amounts payable to clients	25,524,595	8,581,414	12,047,657
Short term loans	-	1,997,430	-
Accruals	2,750,691	2,120,097	1,170,982
Other taxation and social security	181,672	189,331	104,101
Derivative financial liabilities at fair value (note 17)	10,854,425	3,120,364	8,060,628
Lease liability (note 15)	-	299,960	282,650
	<b>39,312,958</b>	<b>16,308,596</b>	<b>21,670,848</b>

The short term loan was from PUMA Lending Limited (see related party note 20) and attracted an interest rate of 15%. The loan was repayable on demand and has no conversion rights.

### 14 Creditors: amounts falling due after more than one year

	31 March 2020 £	31 March 2019 £	1 April 2018 £
Derivative financial liabilities at fair value (note 17)	4,024,158	470,461	346,839
Lease liability (note 15)	-	77,318	377,278
	<b>4,024,158</b>	<b>547,779</b>	<b>724,117</b>

### 15 Leases

The LLP leases its office space. The LLP entered into a five-year lease in July 2015 with no break or extension clauses. The annual lease payments are £310,820. The lease gives rise to a right-of-use asset (note 10), and a corresponding lease liability. Information about the lease liability is presented below:

#### 15.1 Lease liabilities

	£
<b>Lease Liability at 1 April 2018</b>	<b>659,928</b>
Payments made under lease terms	(310,820)
Unwinding of finance costs	28,170
<b>Lease Liability at 31 March 2019</b>	<b>377,278</b>
Payments made under lease terms	(388,525)
Unwinding of finance costs	11,247
<b>Lease Liability at 31 March 2020</b>	<b>-</b>

## ARGENTEX LLP

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

#### 16 Financial instruments

The Members have performed an assessment of the risks affecting the LLP through its use of financial instruments and believe the principal risks to be: capital risk; credit risk; market risk, including interest rate risk and foreign exchange risk.

##### 16.1 Capital management

The LLP manages its capital to ensure that entities in the LLP will be able to continue as going concerns while maximising the return. Capital is repayable in accordance with the terms set out in the partnership agreement, and is only repaid to outgoing members in accordance with the provision in the partnership agreement where the LLP has both sufficient capital for FCA regulatory requirements, and the capital is replaced by new capital contributions from existing or new members. As such it is accounted for as equity. Management regularly review the adequacy of the LLP's capital. The level of capital is in excess of the capital requirement set by the Financial Conduct Authority.

##### 16.2 Categories of financial instruments

The LLP operates as a deliverable foreign exchange broker therefore financial instruments are significant to its financial position and performance. Where the LLP enters into a foreign exchange contract for a client, a matching deal is immediately executed with one of the LLP's institutional counterparties.

The table below sets out the LLP's financial instruments by class.

	31 March 2020 £	31 March 2019 £	1 April 2018 £
<i>Financial assets at fair value through profit or loss</i>			
Derivative financial assets	24,858,088	12,156,106	14,806,477
<i>Financial assets held at amortised cost</i>			
Other debtors	238,508	49,698	39,860
<i>Financial liabilities at fair value through profit or loss</i>			
Derivative financial liabilities	(14,878,583)	(3,590,825)	(8,407,467)
<i>Financial liabilities measured at amortised cost</i>			
Trade creditors	(1,575)	-	(4,830)
Amounts payable to clients	(25,524,595)	(8,581,414)	(12,047,657)
Short term loans	-	(1,997,430)	-
Accruals	(2,750,691)	(2,120,097)	(1,170,982)
Lease liabilities	-	(377,278)	(659,928)
	(28,276,861)	(13,076,219)	(13,833,397)

## ARGENTEX LLP

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

#### 16 Financial instruments (continued)

##### 16.3 Financial risk management objectives

The LLP's principal risk management objective is to avoid financial loss and manage the LLP's working capital requirements to continue in operations.

##### Market risk

Market risk for the LLP comprises foreign exchange risk and interest rate risk. The LLP does not consider any of these factors to have a material significance to its operations.

*Foreign exchange risk* is mitigated through the matching of foreign currency assets and liabilities between clients and institutional counterparties which move in parity. The LLP maintains non-sterling currency balances with institutional counterparties only to the extent necessary meet its immediate obligations with those institutional counterparties.

##### *Foreign exchange risk - sensitivity analysis*

The LLP's significant cash balances other than those denominated in Pounds sterling are foreign currency balances held in Euros and US Dollars. The table below shows the impact on the LLP's operating profit of a 10% change in the exchange rate of Euros and US Dollars against Pounds sterling.

At 31 March	2020	2019	2018
10% weakening in the GBPEUR exchange rate	683,091	263,765	278,614
10% strengthening in the GBPEUR exchange rate	(620,992)	(215,808)	(227,957)
10% weakening in the GBPUSD exchange rate	189,637	220,961	(37,949)
10% strengthening in the GBPUSD exchange rate	(172,397)	(180,786)	31,049

*Interest rate risk* affects the LLP to the extent that forward foreign exchange contracts have an implied interest rate adjustment factored in to their price, which is subject to volatility. This risk is mitigated in the same way as foreign currency risk. The LLP's short term loans had a fixed rate of interest, limiting any exposure to interest rate risk. This loan was fully repaid during the year

##### Liquidity risk

Liquidity risk is the risk that the LLP will not be able to meet its financial obligations as they fall due. The LLP has extensive controls to ensure that it has sufficient cash or working capital to meet the cash requirements of the LLP in order to mitigate this risk. The LLP monitors its liquidity requirement daily, and the LLP stress tests its liquidity position to review the sufficiency of its liquidity in stressed market scenarios. It is management's responsibility to set appropriate limits to the liquidity risk appetite of the LLP, as well as ensuring that a robust system of internal controls is implemented and enforced (see the LLP's going concern policy in note 1.3).

**16 Financial instruments (continued)****16.3 Financial risk management objectives (continued)****Credit risk**

The failure of a client to settle a contracted trade carries the risk of loss equal to the prevailing fair value of the trade. Argentex employs rigorous procedures and ongoing monitoring to ensure that client risk exposures fit within the firm's risk appetite.

Management review financial and regulatory disclosures of the LLP's institutional counterparties to ensure its cash balances and derivative assets are maintained with creditworthy financial institutions. The LLP does not have any significant concentration of exposures within its client base. At institutional counterparty level, trade volumes and trading cash balances are concentrated to a small selection of institutional counterparties. A degree of concentration is necessary for the LLP to command strong pricing and settlement terms with these institutions and is not considered a material risk to the LLP.

**16.3.1 Overview of the LLP's exposure to credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the LLP. As at 31 March 2019, the LLP's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the LLP due to failure to discharge an obligation by the counterparties arises from:

- the carrying amount of the respective recognised financial assets as stated in the statement of financial position.
  - (i) For Other debtors, which include intra-group debtors, the LLP has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL

The LLP measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. In the opinion of the members, the carrying amount of the LLPs financial assets best represents the maximum exposure.

The carrying amount of the LLP's financial assets at FVTPL as disclosed in (note 16) best represents their respective maximum exposure to credit risk. Note 16.5 details the LLP's credit risk management policies

**16.4 Counterparty risk**

Argentex relies on third party institutions in order to trade and clear settlement funds through client accounts. To reduce counterparty credit risk to acceptable levels, Argentex only trades with institutional counterparties with robust balance sheets, high credit ratings and sound capital resources (as disclosed in accordance with the CRR and CRD IV of Basel III) and monitors the creditworthiness of institutional counterparties on an ongoing basis. It is the opinion of the business that the LLP's financial backing, turnover, systems and controls and quality of clients sets the business at the higher end of the spectrum of foreign exchange brokers in the UK. The LLP's business continuity procedures have established trading and settlement lines with several institutional counterparties which means that the withdrawal of services from a banking provider will have a negligible effect on the business.

**16.5 Credit risk management**

The LLP undertakes continuous robust credit analysis before setting and varying trading limits and accepting trades from each client. All open positions are monitored automatically in real time and if deemed necessary collateral (in the form of cash deposits) is taken from clients to mitigate the LLP's exposure to credit risk.

The following table sets out the profile of the LLP's open financial assets. Management are satisfied that the assets are of a high quality, none are past due and that no impairments are required.



ARGENTEX LLP

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

16 Financial instruments (continued)

16.5 Credit risk management (continued)

Financial assets at balance sheet date by contractual maturity

31 March 2020

	0-3 months £	3-6 months £	6-12 months £	1-3 years £	Total £
Derivative financial assets	7,054,433	4,765,693	5,812,920	7,225,042	24,858,088
Other receivables	238,508	-	-	-	238,508
<b>Financial assets</b>	<b>7,292,941</b>	<b>4,765,693</b>	<b>5,812,920</b>	<b>7,225,042</b>	<b>25,096,596</b>

31 March 2019

	0-3 months £	3-6 months £	6-12 months £	1-3 years £	Total £
Derivative financial assets	5,334,490	1,789,611	2,803,342	2,228,663	12,156,106
Other receivables	49,698	-	-	-	49,698
<b>Financial assets</b>	<b>5,384,188</b>	<b>1,789,611</b>	<b>2,803,342</b>	<b>2,228,663</b>	<b>12,205,804</b>

1 April 2018

	0-3 months £	3-6 months £	6-12 months £	1-3 years £	Total £
Derivative financial assets	4,921,555	2,154,313	7,248,384	482,225	14,806,477
Other receivables	39,860	-	-	-	39,860
<b>Financial assets</b>	<b>4,961,415</b>	<b>2,154,313</b>	<b>7,248,384</b>	<b>482,225</b>	<b>14,846,337</b>

**ARGENTEX LLP**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020**

**16 Financial instruments (continued)**

**16.5 Credit risk management (continued)**

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

**Financial liabilities at balance sheet date by contractual maturity**

**31 March 2020**

	<b>0-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>1-3 years</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Derivative financial liabilities	(4,539,428)	(2,952,373)	(3,362,624)	(4,024,158)	<b>(14,878,583)</b>
Customer balances	(25,524,595)	-	-	-	<b>(25,524,595)</b>
Lease Payments	-	-	-	-	-
Short term loans	-	-	-	-	-
Other Payables	(2,750,691)	-	-	-	<b>(2,750,691)</b>
<b>Financial liabilities</b>	<b>(32,814,714)</b>	<b>(2,952,373)</b>	<b>(3,362,624)</b>	<b>(4,024,158)</b>	<b>(43,153,869)</b>

**31 March 2019**

	<b>0-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>1-3 years</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Derivative financial liabilities	(1,268,203)	(1,076,094)	(776,067)	(470,461)	<b>(3,590,825)</b>
Customer balances	(8,581,414)	-	-	-	<b>(8,581,414)</b>
Lease payments	(72,826)	(73,924)	(153,210)	(77,318)	<b>(377,278)</b>
Short term loans	(1,997,430)	-	-	-	<b>(1,997,430)</b>
Other payables	(2,120,097)	-	-	-	<b>(2,120,097)</b>
<b>Financial liabilities</b>	<b>(14,039,970)</b>	<b>(1,150,018)</b>	<b>(929,277)</b>	<b>(547,779)</b>	<b>(16,677,044)</b>

**ARGENTEX LLP**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020**

**16 Financial instruments (continued)**

**16.5 Credit risk management (continued)**

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

**Financial liabilities at balance sheet date by contractual maturity (continued)**

**1 April 2018**

	<b>0-3 months</b>	<b>3-6 months</b>	<b>6-12 months</b>	<b>1-3 years</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Derivative financial liabilities	(3,102,454)	(1,743,554)	(3,214,620)	(346,839)	<b>(8,407,467)</b>
Customer balances	(12,047,657)	-	-	-	<b>(12,047,657)</b>
Lease payments	(68,595)	(69,629)	(144,426)	(377,278)	<b>(659,928)</b>
Short term loans	-	-	-	-	-
Other payables	(1,175,812)	-	-	-	<b>(1,175,812)</b>
<b>Financial liabilities</b>	<b>(16,394,518)</b>	<b>(1,813,183)</b>	<b>(3,359,046)</b>	<b>(724,117)</b>	<b>(22,290,864)</b>

## ARGENTEX LLP

### NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

#### 17 Fair value measurements

This note provides information about how the LLP determines fair values of various financial assets and financial liabilities.

##### 17.1 Fair value of the LLP's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the LLP's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

There were no transfers between levels 1, 2 and 3 during the year. The LLP's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Financial assets/ financial liabilities	Fair value as at			Fair value hierarchy	Valuation technique(s) and key input(s)
	2020	2019	2018		
Foreign exchange forward and option contracts (note 16)	Assets £24,858,088; and Liabilities £14,878,583	Assets £12,156,106; and Liabilities £3,590,825	Assets £14,806,477; and Liabilities £8,407,467	Level 2	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.  Estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates.

##### 17.2 Fair value of financial assets and financial liabilities that are not measured at fair value

The partners consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximately at their fair values.

**ARGENTEX LLP**

**NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020**

**18 Reconciliation of profit for the financial year to net cash inflow from operating activities**

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
<b>Profit for the financial year</b>	<b>17,634,549</b>	<b>11,122,814</b>
Adjustments for		
- Net finance costs	11,251	107,764
<b>Operating profit</b>	<b>17,645,800</b>	<b>11,230,578</b>
Depreciation of plant and equipment	128,087	187,425
Depreciation of finance leases	234,949	234,711
Amortisation of intangible assets	1,046,462	778,710
(Increase)/decrease in receivables	(12,790,221)	2,875,314
Increase/(decrease) in trade and other payables	28,855,445	(7,332,964)
Share option reserve movement	5,763	-
<b>Net cash generated from operating activities</b>	<b>35,126,285</b>	<b>7,973,774</b>

**19 Net Debt Reconciliation**

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
Cash and Cash Equivalents	49,275,808	13,566,063
Borrowings – repayable within one year	-	(2,297,390)
Borrowings – repayable after one year	-	(77,318)
<b>Net funds (before members debts)</b>	<b>49,275,808</b>	<b>11,191,355</b>
Loans and other debts due to members	(16,569,893)	(6,781,194)
<b>Net funds</b>	<b>32,705,915</b>	<b>4,410,161</b>

ARGENTEX LLP

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020

19 Net Debt Reconciliation (continued)

	As at 1 April 2018 £	Cashflows £	Other non- cash changes £	31 March 2019 £	Cashflows £	Other non- cash changes £	31 March 2020 £
Cash and cash equivalents	12,747,583	818,480	-	13,566,063	35,709,745	-	49,275,808
Borrowings - repayable within one year	-	(1,997,430)	-	(1,997,430)	1,997,430	-	-
Finance leases due within 1 year	(282,650)	310,820	(328,130)	(299,960)	311,207	(11,247)	-
Finance leases due after 1 year	(377,278)	-	299,960	(77,318)	77,318	-	-
Net Funds (before members debts)	12,087,655	(868,130)	(28,170)	11,191,355	38,095,700	(11,247)	49,275,808
Other amounts due to members	(3,050,125)	7,391,745	(11,122,814)	(6,781,194)	7,845,850	(17,634,549)	(16,569,893)
Net Funds	9,037,530	6,523,615	(11,150,984)	4,410,161	45,941,550	(17,645,796)	32,705,915

## **ARGENTEX LLP**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2020**

#### **20 Related party transactions**

Included in other debtors is an amount due from Argentex Group PLC of £88,002 (2019: £nil) and an amount due from Argentex Capital Limited of £120,958 (2019: nil).

Argentex Group PLC and Argentex Capital Limited are the ultimate and intermediate parent companies of the LLP.

PUMA Lending Limited, a company related by common control to Pacific Investments Management Limited also provides an occasional short-term liquidity facility to the LLP in the form of short term loans (see note 13). The maximum balance during the period was £1,997,430 (2019: £2,560,000) of which £nil (2019: £1,997,430) was outstanding at the year end.

The relationship of Pacific Investments Management Limited to the LLP is that a subsidiary of Pacific Investments Management Limited was a member of the LLP until 25 June 2019. Pacific Investments Management Limited has directors who have been individual partners in the LLP during the year.

#### *Total key management personnel compensation*

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the LLP. In the opinion of the members the key management are deemed to be the designated members and the members. Information regarding their short-term employment benefits is provided in the Reconciliation of Members' interests.

#### **21 Capital commitments and contingent liabilities**

As at 31 March 2020 there were no capital commitments or contingent liabilities (2019: none).

**22 Regulatory reporting disclosures**

**Country-by-Country Reporting**

As an investment firm within the scope of the CRD IV, the LLP must report certain information about its business on a country by country basis, known as Country-by-Country Reporting (CBCR). Article 89 of the Capital Requirements Regulation 2013 (CRR) imposes the ongoing CBCR reporting obligations on institutions in the United Kingdom within the scope of CRD IV.

The information contained in this disclosure is based on the financial statements of the LLP and reflects the data as at 31 March 2020:

Nature of activities: Riskless principal foreign exchange broking

Country	UK	
	<b>2020</b>	<b>2019</b>
Average number of employees	40	37
Net revenue	28,986,444	21,910,695
Profit before tax	17,634,549	11,122,814
Corporation tax	£Nil	£Nil
Government subsidies received	£Nil	£Nil

**Return on Assets**

The LLP is required to disclose its return on assets, calculated as net profit divided by net assets.

	<b>2020</b>	<b>2019</b>
Net profit (£)	17,634,549	11,122,814
Net assets (£)	33,242,294	11,447,832
Return on assets (%)	53.05	97.16



## **23 Share options**

The cost of group share-based employee compensation arrangements, whereby employees receive remuneration in the form of share options, is recognised as an employee benefit expense in the statement of profit or loss. Where the entity settling the share options differs from the entity receiving the benefit of the share options (in the form of employee services), the entity's separate financial statements reflect the substance of the arrangement.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non market-based vesting conditions) at the date of grant.

At the end of each reporting period the assumptions underlying the number of awards expected to vest are adjusted for the effects of non market-based vesting conditions to reflect the conditions prevailing at that date. The impact of any revisions to the original estimates is recognised in the statement of profit or loss, with a corresponding adjustment to equity. Fair value is measured by the use of a Black-Scholes option pricing model.

When share options are exercised, the Group issues new shares.

On 19 June 2019, the ultimate parent company issued 311,311 share options under an approved company share option plan ("CSOP") to participating employees. The share options have an exercise price of £1.06, being the IPO issue price, and vest three years after issuance. The fair value of these options at issuance has been derived using a Black-Scholes model, with expected volatility of 30%, based on derived volatilities of the AIM index and the similar listed entities to the Company. The risk free rate at the time of issuance was 0.54% for UK Government Bonds with a similar term to the vesting period of the CSOP.

For the period from issuance to the year end, the LLP has recognised an expense of £5,763 based on the estimated number of share options expected to vest.

Subsequent to the year end, the Group issued a further 4,528,300 unapproved share options (see note 24).

## **24 Subsequent events**

On 7 April 2020, the ultimate parent company awarded options over a total of 4,528,300 new ordinary shares in an unapproved option scheme. The share options all have an exercise price of 135p, representing a 12.0% premium to the closing mid-market price of 120.5p on 6 April 2020, the day before the awards were made. To provide long-term alignment with shareholders, the awards will vest in portions of one third on the third, fourth and fifth anniversaries of grant.

On 7 May 2020, the LLP entered into a new operating lease for a new London headquarters. Following the end of the rent free period, the LLP will be committed to rent payments of £912,270 excluding VAT for the remainder of the lease. The full term of the lease is ten years with an option to break at five years.

## **25 Controlling party**

The intermediate parent company is Argentex Capital Limited. The ultimate parent that consolidates the results of the Group is Argentex Group Plc.