Registered Number OC369106

Argentex LLP

Annual Report and Financial Statements
For the year ended 31 March 2022

ARGENTEX LLP

CONTENTS

ARGENTEX LLP

DESIGNATED MEMBERS AND ADVISERS

Designated members	H Adams A Egan Argentex Foreign Exchange Limited Argentex Capital Limited
Registered office	25 Argyll Street London W1F 7TU
Bankers	Barclays Bank 93 Baker Street London W1A 4SD
Auditor	Deloitte LLP 1 Little New Street London EC4A 3TR
Solicitors	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU

MEMBERS' REPORT for the year ended 31 March 2022

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 2022.

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 another strong year for the LLP across all key profitability metrics, with gross notional FX traded increasing to £18.0bn (2021: £12.8bn), generating revenue of £34.5m and operating profit increasing to £15.7m (2021: £12.6m). In addition to this, 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.

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.

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 continues to monitor regulatory developments for changes in the payments, electronic money and investment landscape.

Counterparty risk
The LLP relies on third party institutions in order to trade and clear settlement funds through client accounts. To reduce counterparty credit risk , the LLP only trades with institutional counterparties with robust balance sheets, high credit ratings and strong capital resources whilst monitoring the creditworthiness of institutional counterparties on an ongoing basis. 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.

Designated members
The following were designated members during the year:

H Adams
C Jani (resigned 11 June 2021)
A Egan
Argentex Foreign Exchange Limited
Argentex Capital Limited

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 members remain confident that in context of the LLP's financial requirements there is flexibility and sufficient liquidity to the LLP business to ensure that the LLP can withstand significant disruption, whilst remaining as a going concern for the next twelve months from the date of approval of the Members' report and financial statements.

Pillar 3 disclosures

The LLP's Pillar 3 disclosures can be obtained from the Argentex website: www.argentex.com

Auditors

During the year, Deloitte LLP was appointed as auditor of the Partnership in accordance with section 487(2) of the Companies Act. The Partnership's previous auditor Nexia Smith & Williamson LLP confirmed there are no circumstances related to their resignation.

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

Harry Adams
Designated member
Date: 06 July 2022

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 applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. 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 Argentex Group website, of which the LLP is a subsidiary of. 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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Argentex LLP (the 'limited liability partnership'):

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of cash flows;
- the statement of members interests; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' 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 limited liability partnership'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 members 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 members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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.

Responsibilities of members
As explained more fully in the members' responsibilities statement, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
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.

We considered the nature of the limited liability partnership's industry and its control environment, and reviewed the limited liability partnership's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the limited liability partnership operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the limited liability partnership's ability to operate or to avoid a material penalty. These included limited liability partnership's FCA operating licences and regulatory requirements.

We discussed among the audit engagement team including internal specialists such as financial instruments and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with the FCA.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Opinion on other matter prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013

In our opinion the information given in note 19 to the financial statements for the financial year ended 31 March 2022 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by Country Reporting) Regulations 2013.

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.

Isabel Agius

Isabel Agius, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
06 July 2022

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2022

	Notes	for the year ending 31 March 2022 £m	for the year ending 31 March 2021 £m
Revenue	4	**34.5**	**28.1**
Direct costs		(0.6)	(0.5)
Gross Profit		**33.9**	**27.6**
Administrative expenditure		(18.2)	(15.0)
Operating profit	8	**15.7**	**12.6**
Interest payable and similar charges	7	(0.4)	(0.4)
Share-based payments charge	20	(0.2)	(0.2)
Profit for the financial year before members' remuneration and profit shares		**15.1**	**12.0**
Members' remuneration charged as an expense	1.13	(15.1)	(12.0)
Retained profit for the financial year available for discretionary division among members		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

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

ARGENTEX LLP

STATEMENT OF FINANCIAL POSITION as at 31 March 2022

	Notes	31 March 2022	31 March 2021	31 March 2020
			Restated[1]	*Restated*[1]
		£m	£m	£m
Non-Current Assets				
Intangible assets	9	2.2	1.7	1.8
Property, plant and equipment	10	8.3	9.1	0.2
Derivative financial assets	11	3.1	3.8	8.2
Total non-current assets		13.6	14.6	10.2
Current assets				
Trade and other receivables	11	3.1	1.3	0.5
Cash and cash equivalents	12	37.9	26.9	22.8
Other assets	22	7.2	11.6	26.5
Derivative financial assets	11	38.0	38.7	34.5
Total current assets		86.2	78.5	84.3
Current liabilities				
Trade and other payables	13	(29.5)	(22.4)	(28.4)
Derivative financial liabilities	13	(21.6)	(27.1)	(27.9)
Total current liabilities		(51.1)	(49.5)	(56.3)
Net current assets		35.1	29.0	28.0
Non-current liabilities				
Trade and other payables	13	(6.0)	(5.9)	-
Derivative financial liabilities	13	(2.3)	(2.1)	(4.9)
Total non-current liabilities		(8.3)	(8.0)	(4.9)
NET ASSETS ATTRIBUTABLE TO MEMBERS		**40.4**	**35.6**	**33.3**
Loans and other debts due to members				
Other reserves		23.3	18.7	16.6
Members' other interests				
Members' capital classified as equity	1.14	16.7	16.7	16.7
Share option reserve		0.4	0.2	-
		40.4	**35.6**	**33.3**
TOTAL MEMBERS' INTERESTS				
Loans and other debts due to members		23.3	18.7	16.6
Share option reserve		0.4	0.2	-
Members' other interests		16.7	16.7	16.7
		40.4	**35.6**	**33.3**

The notes on pages 13 to 35 form part of these financial statements.

The financial statements were approved and authorised for issue by the members on 06 July 2022 and were signed on its behalf by:

Harry Adams
Designated member
Argentex LLP, registered number OC369106

1) Restatements relate to disclosure formats of derivative netting and cash collateral. There is no impact on net assets. See note 22.

STATEMENT OF CASH FLOWS for the year ended 31 March 2022

	Notes	31 March 2022 £m	31 March 2021 £m *Restated*[1]
Profit for the financial year		**15.1**	**12.0**
Adjustments for:			
Net finance costs		0.4	0.4
Share-based payments charge		0.2	0.2
Operating profit		**15.7**	**12.6**
Depreciation of plant and equipment		0.5	0.2
Depreciation of ROU assets		0.8	0.8
Amortisation of intangible assets		1.2	1.3
(Increase) in receivables		(1.8)	(0.8)
Increase in derivative financial assets		1.4	0.2
Increase/(decrease) in trade and other payables		7.2	(7.2)
(Decrease) in derivative financial liabilities		(5.3)	(3.6)
Decrease in other assets		4.4	14.9
Net cash generated from operating activities before drawings and distributions to members		**24.1**	**18.4**
Drawings and distributions to members		(10.1)	(9.9)
Net cash generated from operating activities		**14.0**	**8.5**
Cash flow from investing activities			
Payments to acquire property, plant and equipment	10	(0.4)	(2.7)
Payments to acquire intangible fixed assets	9	(1.7)	(1.2)
Net cash used in investing activities		**(2.1)**	**(3.9)**
Cash flow from financing activities			
Payments under lease arrangements	14	(0.9)	(0.5)
Net cash outflow from financing activities		**(0.9)**	**(0.5)**
Net increase in cash and cash equivalents		**11.0**	**4.1**
Cash and cash equivalents at beginning of the year		26.9	22.8
Cash and cash equivalents at end of the year		**37.9**	**26.9**

1) Collateral deposits removed from prior year cash and cash equivalents total and derivative financial assets and liabilities updated to reflect netting. Further details given in Note 22.

RECONCILIATION OF MEMBERS' INTERESTS (INCLUDING STATEMENT OF CHANGES IN EQUITY) for the year ended 31 March 2022

	Members' capital classified as equity £m	Loans and other debts due to members £m	Total £m
Members' interests at 1 April 2020	**16.7**	**16.6**	**33.3**
Amounts due to members	-	16.6	-
Members' remuneration charged as an expense	-	12.0	12.0
Members' interests after profit for the year	16.7	28.6	45.3
Share option reserve	0.2	-	0.2
Drawings	-	(9.9)	(9.9)
Members' interests at 31 March 2021	**16.9**	**18.7**	**35.6**
Amounts due to members	-	18.7	-
Members' remuneration charged as an expense	-	15.1	15.1
Members' interests after profit for the year	16.9	33.8	50.7
Share option reserve	0.2	-	0.2
Drawings	-	(10.5)	(10.5)
Members' interests at 31 March 2022	**17.1**	**23.3**	**40.4**

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

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 international accounting standards in conformity with the requirements of the Companies Act 2006. 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 international accounting standards. The accounting policies set out below, unless otherwise stated, have been applied consistently to all periods presented.

The LLP has reviewed its relationship with counterparty banks and as a result, restated its derivative financial assets, derivative financial liabilities and cash and cash equivalents FY21 balance on the Statement of Financial position. Further details given on note 22.

1.2 Measurement convention

These Financial Statements have been prepared under the historical cost convention as modified by revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

1.3 Changes in accounting policies and disclosures

In the prior year, the LLP adopted the Phase 1 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the LLP adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the LLP to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The LLP has not restated the prior period. Instead, the amendments have been applied retrospectively with any adjustments recognised in the appropriate components of equity as at 1 April 2022.

No upcoming changes under IFRS are likely to have a material effect on the reported results or financial position. Management continue to monitor upcoming changes.

1.4 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 2012, 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, 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.

1 Accounting policies (continued)

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 15 for further disclosures relating to liquidity risk).

The members remain 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 disruption, 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.

1.5 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 Group recognises the net option premium receivable as revenue on the date that the option is executed. The execution date is when a binding contract is entered into with the client. The revenue is fixed and determined representing the difference between the premium paid by the client and the premium paid by the Group to its banking counterparties.

1.6 Financial instruments

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

1.6.1 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.

1.6.2 Derivative financial instruments

Forward foreign exchange derivatives are classified as financial assets and liabilities at Fair Value through Profit or Loss (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 and a derivative with a negative fair value is recognised as a financial liability. Where there is a legally enforceable right to set off the recognised amounts and an intention to settle on a net basis or to realise the asset and the liability simultaneously, financial assets and financial liabilities are offset, and the net amount presented in

1 Accounting policies (continued)

the statement of Financial Position. Management have presented the derivative assets and liabilities with banking and brokerage counterparties and with clients on a gross basis.

1.6.3 Foreign exchange gains and losses on derivative financial assets 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 matched with a number of counterparty banks.

1.6.4 Derecognition of derivative financial assets 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.

1.6.5 Amortised cost and effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial liability or debt instrument. 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.

1.6.6 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.

1.6.6.1 Financial assets at FVTPL

Forward foreign exchange contracts and foreign exchange options are measured at FVTPL (see note 15).

Other financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL (see note 16).

Fair value is determined in the manner described in note 16.

1.6.6.2 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.

Cash held as collateral with banking counterparties is shown as other assets on the Statement of Financial Position.

1 Accounting policies (continued)

1.6.7 Impairment of financial assets

The LLP has applied the simplified approach in IFRS 9 to measure applicable loss allowances at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

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.

1.6.8 Derecognition of other financial assets

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.

1.6.9 Classification of financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest rate method or at FVTPL.

1.6.9.1 Financial liabilities at FVTPL

Derivative financial liabilities are automatically held at FVTPL. Other 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.

Fair value is determined in the manner described in note 16.

1.6.9.2 Other financial liabilities

Other financial liabilities are obligations to pay for goods or services that have been acquired in the ordinary course of business. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. The LLP holds amounts payable to customers at amortised cost. These are short term balances that do not attract interest.

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

1.7 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, which the LLP has immediate access to. Cash and cash equivalents includes client funds disclosed in note 12.

1 Accounting policies (continued)

1.8 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.

In accordance with IFRS 16, 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 purchase, 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.

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.

1.9 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 statement of profit or loss.

Amortisation is charged to the statement of profit or loss over the estimated useful life 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.

1.10 Property, Plant & Equipment

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

1 Accounting policies (continued)

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 to five 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.

1.11 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.

1.12 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.

1.13 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.

1.14 Members' interests

Members' 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.

(ii) Derivative financial asset and liability netting

Management have assessed the classification and presentation of derivative transactions and determined that although the Group has a legal right of offset of such assets and liabilities in certain circumstances, it does not have the intent in all cases to settle such transactions on a net basis.

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. Extending the estimated useful life of the intangible costs from 3 years to 4 years would result in increased operating profit of £0.7m (2021: £0.5m), decreasing the estimated useful life from 3 years to 2 years would result in decreased operating profit of £1.6m (2021: £1m).

3 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 2022 (2021: none).

4 Revenue

	2022 £m	2021 £m
An analysis of the LLP's revenue is as follows:		
Spot foreign exchange contracts	6.4	9.1
Forward foreign exchange contracts	27.2	18.1
Option premiums	0.9	0.9
	34.5	28.1

5 Information in relation to members

	2022 Number	2021 Number
The average number of members during the year was	10	9
	£m	**£m**
Paid under the terms of the LLP agreement	15.1	12.0
The amount of profit attributable to the member with the largest entitlement was	7.9	6.3

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.

6 Staff costs

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

	2022 Number	2021 Number
Sales and dealing	38	37
Operations	26	18
	64	**55**

	£m	£m
Staff costs for the above persons were:		
Wages and salaries	8.6	7.5
Social security costs	0.9	0.9
Pension costs	0.1	0.1
	9.6	**8.5**

7 Interest payable and similar charges

	2022 £m	2021 £m
Interest on lease arrangements	0.4	0.4
	0.4	**0.4**

8 Profit for the financial year before members' remuneration

	2022 £m	2021 £m
Profit is stated after charging/(crediting):		
Depreciation of owned fixed assets (note 10)	0.5	0.2
Depreciation of ROU assets (note 10)	0.8	0.8
Amortisation of intangible assets (note 9)	1.2	1.3
Net foreign exchange (gains)/losses	(0.2)	0.5
Auditor's remuneration		
- Fees payable to the auditor for audit services	0.2	0.1

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

9 Intangible fixed assets

	Software development costs £m
Cost	
At 1 April 2020	4.5
Additions	1.2
At 31 March 2021	5.7
Additions	1.7
At 31 March 2022	7.4
Amortisation	
At 1 April 2020	2.7
Charge for year	1.3
At 31 March 2021	4.0
Charge for year	1.2
At 31 March 2022	5.2
Net book value	
At 31 March 2022	**2.2**
At 31 March 2021	**1.7**

10 Property, plant and equipment

	Leasehold improvements £m	Right of use Asset £m	Office equipment £m	Computer equipment £m	Total £m
Cost					
At 1 April 2020	0.4	1.2	0.2	0.4	2.2
Additions	*1.7*	*7.2*	*0.6*	*0.4*	*9.9*
Disposals	*(0.4)*	*(1.2)*	*(0.2)*	*(0.2)*	*(2.0)*
At 31 March 2021	1.7	7.2	0.6	0.6	10.1
Additions	*0.1*	*0.1*	*0.2*	*0.1*	*0.5*
Disposals	-	-	-	-	-
At 31 March 2022	1.8	7.3	0.8	0.7	10.6
Depreciation					
At 1 April 2020	0.4	1.1	0.2	0.3	2.0
Charge for the year	*0.1*	*0.8*	-	*0.1*	*1.0*
Disposals	*(0.4)*	*(1.2)*	*(0.2)*	*(0.2)*	*(2.0)*
At 31 March 2021	0.1	0.7	-	0.2	1.0
Charge for the year	*0.2*	*0.8*	*0.1*	*0.2*	*1.3*
Disposals	-	-	-	-	-
At 31 March 2022	0.3	1.5	0.1	0.4	2.3
Net book value					
At 31 March 2022	**1.5**	**5.8**	**0.7**	**0.3**	**8.3**
At 31 March 2021	1.6	6.5	0.6	0.4	9.1

Right of use asset relates to head office lease disclosed in note 14.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2022

11 Trade and other receivables

	2022	2021 *Restated*[1]
	£m	£m
Non-Current		
Derivative financial assets at fair value (note 16)	**3.1**	**3.8**
Current		
Derivative financial assets at fair value (note 16)	**38.0**	**38.7**
Other debtors	0.1	0.1
Amounts due from group companies	2.4	0.8
Prepayments	0.6	0.4
	3.1	**1.3**

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:

	2022	2021 *Restated*[1]
	£m	£m
Cash and cash equivalents	**37.9**	**26.9**

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.

1) Please refer to Note 22.

13 Trade and other payables

	2022 £m	2021 Restated[1] £m
Non-Current		
Derivative financial liabilities at fair value (note 16)	**2.3**	2.1
Provisions	0.2	0.2
Lease Liability (note 14)	5.8	5.7
	6.0	5.9
Current		
Derivative financial liabilities at fair value (note 16)	**21.6**	27.1
Amounts payable to clients	24.9	18.7
Accruals	3.5	2.2
Other taxation and social security	0.3	0.3
Lease liability (note 14)	0.8	1.2
Trade and other payables	**29.5**	22.4

1) Please refer to Note 22.

14 Lease liabilities

In May 2020, the LLP signed a ten-year lease for its head office premises at Argyll Street, London. As a lessee, the LLP has recognised a lease liability representing the present value of the obligation to make lease payments, and a related right of use (ROU) asset, in accordance with note 1.8. The rent is subject to a rent review after five years and contains a break clause at this same anniversary. The rate implicit in the lease is not evident and so the LLP's incremental borrowing rates have been used. Management have assessed the incremental borrowing rate to be 6% (2021: 6%). Information about the lease liability is presented below:

	2022 £m	2021 £m
Lease Liability at 1 April	**6.9**	**-**
Additions	0.1	7.0
Payments made in the year	(0.9)	(0.5)
Unwinding of finance costs	0.5	0.4
Lease Liability at 31 March	**6.6**	**6.9**
Of which		
Current (note 13)	**0.8**	**1.2**
Non-current (note 13)	**5.8**	**5.7**

Amounts recognised in the consolidated statement of comprehensive income

	2022 £m	2021 £m
Depreciation charge on right-of-use assets (note 10)	0.8	0.8
Interest on lease liabilities (note 7)	0.4	0.4
At 31 March	**1.2**	**1.2**

15 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.

15.1 Capital management

The LLP manages its capital to ensure that the LLP will be able to continue as a going concern 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.

15.2 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.

	2022 £m	2021 £m *Restated*[1]
Financial assets at fair value through profit or loss		
Derivative financial assets	**41.4**	**42.5**
Financial assets held at amortised cost		
Amounts due from group companies	2.4	0.8
Other debtors	0.1	0.1
Prepayments	0.6	0.4
	3.1	**1.3**
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities	**(23.9)**	**(29.2)**
Financial liabilities measured at amortised cost		
Amounts payable to clients	(24.9)	(18.7)
Accruals	(3.5)	(2.3)
Lease liabilities	(6.6)	(6.9)
	(35.0)	**(27.9)**

1) Refer to Note 22.

15 Financial instruments (continued)

15.3 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	**2022 £m**	**2021 £m**
10% weakening in the GBPEUR exchange rate	0.8	0.6
10% strengthening in the GBPEUR exchange rate	(0.6)	(0.5)
10% weakening in the GBPUSD exchange rate	1.1	0.3
10% strengthening in the GBPUSD exchange rate	(0.9)	(0.3)

Interest rate risk affects the LLP to the extent that forward foreign exchange contracts have an implied interest rate adjustment factored into their price, which is subject to volatility. This risk is mitigated in the same way as foreign currency risk.

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 is 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. The table below summarises the maturity profile of the LLP's derivative financial assets and liabilities based on contractual (undiscounted payments).

Derivative financial assets at balance sheet date by contractual maturity

31 March 2022	0-3 months	3-6 months	6-12 months	12 months +	Total
	£m	£m	£m	£m	£m
Derivative financial assets	**908.1**	**436.5**	**700.9**	**232.3**	**2,277.8**

31 March 2021 *(restated)*[1]	0-3 months	3-6 months	6-12 months	12 months +	Total
	£m	£m	£m	£m	£m
Derivative financial assets	1,198.6	563.5	445.3	187.0	2,394.4

Derivative financial liabilities at balance sheet date by contractual maturity

31 March 2022	0-3 months	3-6 months	6-12 months	12 months +	Total
	£m	£m	£m	£m	£m
Derivative financial liabilities	**902.9**	**433.7**	**693.7**	**230.9**	**2,261.2**

31 March 2021 *(restated)*[1]	0-3 months	3-6 months	6-12 months	12 months +	Total
	£m	£m	£m	£m	£m
Derivative financial liabilities	1,193.0	560.8	442.4	185.3	2,381.5

Other Financial Liabilities

The following table details the profile of the LLP's other 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.

31 March 2022	Up to 1 year	1 year +	Total
Amounts payable to clients	24.9	-	24.9
Other payables	8.1	-	8.1
Lease Liabilities	1.2	7.1	8.3
	34.2	7.1	41.3

31 March 2021	Up to 1 year	1 year +	Total
Amounts payable to clients	18.7	-	18.7
Other payables	2.2	-	2.2
Lease Liabilities	0.9	8.3	9.2
	21.8	8.3	30.1

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. Before accepting any new client, a dedicated team responsible for the determination of credit risk assess the potential client's credit quality and defines credit limits by clients. Limits and scoring attributed to customers are reviewed on an ongoing basis.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the LLP reviews the recoverable amount of each trade debtor at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, management of the LLP consider that the LLP's credit risk is significantly reduced. Trade receivables consist of a large number of clients, spread across diverse industries and geographical areas.

1) Refer to Note 22.

15 Financial instruments (continued)

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.

15.3.1 Overview of the LLP's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations in relation to financial derivative assets resulting in financial loss to the LLP. As at 31 March 2022, 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.

If deemed appropriate, the LLP will make a valuation adjustment to the estimated fair value of a financial instrument to reflect the estimated credit loss arising from a significant increase in credit risk 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 15.5 details the LLP's credit risk management policies

15.4 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.

15.5 Credit risk management

Note 15.3 details the LLP's maximum exposure to credit risk and the measurement bases used to determine next expected credit losses.

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.

16 Fair value measurements

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

16.1 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.

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	2022	2021 *Restated*[1]		
Foreign exchange forward and option contracts	Assets £41.4m; and Liabilities £23.9m	Assets £42.5m; and Liabilities £29.2m	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.

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.

16.2 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 is a reasonable approximation of their fair values.

1) Refer to Note 22.

17 Related party transactions

Included in "amounts due from group companies" is £2.4m due from Argentex Group PLC (2021: £0.8m). Argentex Group PLC is the ultimate parent company of the LLP.

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.

18 Capital commitments and contingent liabilities

As at 31 March 2022 there were no capital commitments or contingent liabilities (2021: none).

19 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 2022:

Nature of activities: Riskless principal foreign exchange broking

Country	UK	
	2022	**2021**
Average number of employees	64	55
Net revenue (£m)	34.5	28.1
Profit before tax (£m)	15.1	12.0
Corporation tax (£m)	Nil	Nil
Government subsidies received (£m)	Nil	Nil

Return on Assets

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

	2022	**2021**
Net profit (£m)	15.1	12.0
Net assets (£m)	40.4	35.6
Return on assets (%)	37.3	33.7

20 Share-based payments

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.

In June 2019, the ultimate parent company issued 311,311 share options under Part I of 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.

In the previous year, the ultimate parent company issued a total of 4,981,130 share options under Parts I, II and III of the company share option plan ("CSOP") to participating employees and LLP members. The share options have an exercise price of £1.35, and vest in tranches three, four and five years after issuance. The fair value of these options at issuance has been derived using a Black-Scholes model, with expected volatility of 34%, based on derived volatilities of the ultimate parent company and the similar listed entities to the Company. The risk free rate at the time of issuance was 0.12% for UK Government Bonds with a similar term to the vesting period of the CSOP.

The LLP has recognised a total expense of £0.2m (2021: £0.2m) based on the estimated number of share options expected to vest across all parts of the CSOP.

21 Controlling party

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

22 Restatement

Derivative financial assets and derivative financial liabilities

In previous years the LLP offset derivative financial assets and derivative financial liabilities on the Statement of Financial Position and Statement of Cash Flows. Management have reassessed the classification and presentation of derivative transactions and determined that although the LLP has a legal right of offset of such assets and liabilities in specific circumstances, however in most cases it does not have the legal right of offset. As a result, in the current financial year Management have presented the derivative assets and liabilities with banking and brokerage counterparties and with clients on a gross basis. Comparative figures have also been presented on this basis and there is no impact to the Statement of Profit or Loss or to Net Assets. Disclosure impact on prior years is as follows:

	2021			2020		
	£m	£m	**£m**	£m	£m	**£m**
	Net	Reclassification	**Restated**	Net	Reclassification	**Restated**
Current Financial Assets	21.0	17.7	**38.7**	17.6	16.9	**34.5**
Current Financial Liabilities	(9.3)	(17.8)	**(27.1)**	(10.9)	(17.0)	**(27.9)**
Non Current Financial Assets	4.2	(0.4)	**3.8**	7.2	1.0	**8.2**
Non Current Financial Liabilities	(2.6)	0.5	**(2.1)**	(4.0)	(0.9)	**(4.9)**
Net Financial Assets	13.3	0.0	**13.3**	9.9	0.0	**9.9**

The FY21 Consolidated Statement of Cash Flows has been restated to include updated movements of £0.2m and £(3.6)m in the derivative financial assets and derivative financial liabilities (previously £(0.4)m and £(3.0)m).

Undiscounted contractual cashflows

In prior years the Financial Assets and Liabilities on the Consolidated Statement of Financial Position have been analysed by contractual maturity date. In the current financial year, the undiscounted contractual cash flows have been disclosed. Comparative figures have also been disclosed on this basis.

Cash held as collateral

In previous years the cash held as collateral with banking and brokerage counterparties has been included in the cash and cash equivalents balance and disclosed as such in the cash and cash equivalents note. In the current year, management have included cash held as collateral with banking and brokerage counterparties £7.2m (2021: £11.6m, 2020: £26.5m) as Other Assets on the Consolidated Statement of Financial Position resulting in a corresponding decrease in cash and cash equivalents figures. There is no impact to the Statement of Profit or Loss or to Net Assets. The Statement of Cash Flows has been restated to reconcile to the restated cash and cash equivalents figure.