Company Registration No. 07273392 (England and Wales)

FXOPEN LTD & SUBSIDIARY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

FXOPEN LTD & SUBSIDIARY

COMPANY INFORMATION

Directors	G Thomson A Stepanov
Company number	07273392
Registered office	3rd Floor Waverley House 7-12 Noel Street London
Auditors	Fisher, Sassoon & Marks 43 - 45 Dorset Street London W1U 7NA

FXOPEN LTD & SUBSIDIARY

CONTENTS

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business

The parent company is regulated by the United Kingdom Financial Conduct Authority. The parent company's main source of revenue is commission charged, based upon the volume of trades carried out by the company's clients.

The results for the year and the financial position at the year end represent tough market condition. During the course of 2020, the group maintained its client base in European and non-European market. Improvement in turnover, as compared to 2019, reflected increased client base.

As part of its corporate strategy, on 31 March 2020, the group acquired 100% interest in FXOpen EU Ltd, a Cyprus based company, regulated entity under the Cyprus Securities and Exchange Commission (CySEC). Through its new group structure, the board is confident in expanding its client base, professional and retail.

Principal risks and uncertainties

The group continuously carries out an assessment of the risks which have the potential to have a significant negative impact on its financial performance and future business prospects. The group has a low appetite for risk.

Price risk:

Price risk is defined as the risk that exposures to excessive price fluctuations in positions held by the group would cause a material loss to arise. Because all client positions are hedged with Liquidity Provider, this risk is materially mitigated.

Credit risk:

Credit risk arises where a borrower or counterparty fail to meet their financial obligations. The main source of credit risk for the group is on deposits held at third parties. No credit is extended to clients. To mitigate this risk, all customer funds are held in a UK regulated clearing bank and the group's own funds are held across a number of European banks.

Cash flow risk:

Cash flow risks are that the group does not have sufficient financial resources to meet its obligations as they fall due. Under the group's business model, the only reason for this to happen would be the Liquidity Provider not being able to pay the group any amounts due, leaving the group unable to settle its obligations with its clients, or vice versa. The group has controls in place to ensure that clients do not owe more than their deposit and is given reports by Liquidity Provider which demonstrates that they are operating within their own risk parameters.

Liquidity risk:

The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business.

Foreign currency risk:

The group principal foreign currency exposures arise from trading with overseas companies. Group policy permits but does not demand that these exposures may be hedged in order to fix the cost in sterling.

Key performance indicators

Key performance indicators are turnover £248,959 (2019: £172,888) and gross profit for the year £177,710 (2019: £115,537). At the year end the firm had net assets of £2,057,677 (2019: £2,830,330).

FXOPEN LTD & SUBSIDIARY

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors of the group have acted in a way that they consider, in good faith, would most likely promote the success of the group for the benefit of its shareholders, employees and customers as a whole, and in doing so, the directors have considered (amongst other matters):

- the likely consequences of any decision in the long term,
- the interest of the group's employees,
- the need to foster the group's business relationships with customer and others,
- the impact of the group's operations on the community and environment,
- the desirability of the group maintaining a reputation for high standards of business conduct, and
- the need to act fairly among shareholders, employees and customers of the group

On behalf of the board

A Stepanov
Director

24/12/2021

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities
The principal activity of the group continued to be that of provision of online currency and precious metals brokerage services.

Results and dividends
The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G Thomson
A Stepanov

Supplier payment policy
The group's current policy concerning the payment of trade creditors is to:
- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the group's contractual and other legal obligations.

Future developments
The group plans to continue the expansion of its retail and professional client base during the course of 2021 in European and non-European market.

Auditor
The auditor, Fisher, Sassoon & Marks, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the group strategic report, directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

FXOPEN LTD & SUBSIDIARY

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Energy and cardon report
As the group has not consumed more than 40,000kWh of energy in this reporting period, it qualifies as a low energy user under regulations and is not required to report on its emission, energy consumption or energy efficiency activities.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company and group's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company and group's auditor is aware of that information.

On behalf of the board

A Stepanov
Director

24/12/2021

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FXOPEN LTD & SUBSIDIARY

Opinion

We have audited the financial statements of FXOpen Ltd (the 'parent company') and its subsidiary (the group) for the year ended 31 December 2020 which comprise the statement of comprehensive income, the group and company statement of financial position, the group and company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FXOPEN LTD & SUBSIDIARY

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://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.

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the financial services sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Financial Conduct Authority (FCA), Companies Act 2006, taxation legislation, data protection, anti-bribery, anti-money-laundering, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

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

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates as set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the FCA and reviewing the group's compliance monitoring procedures and findings.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or through collusion.

Use of our report

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

Jonathan Marks (Senior Statutory Auditor)
For and on behalf of Fisher, Sassoon & Marks

24/12/2021

Chartered Accountants
Statutory Auditor

43 - 45 Dorset Street
London
W1U 7NA

FXOPEN LTD & SUBSIDIARY

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	4	248,959	172,888
Cost of sales		(71,249)	(57,351)
Gross profit		177,710	115,537
Administrative expenses		(943,018)	(748,852)
Other operating Income		1,337	-
Operating loss	5	(763,971)	(633,315)
Interest receivable and similar income	9	3,272	14,980
Interest payable and similar charges	10	(40,574)	-
Loss before taxation		(801,273)	(618,335)
Tax on loss	11	-	-
Loss for the financial year		(801,273)	(618,335)
Other Comprehensive Income			
Foreign exchange profit / (losses)		28,620	-
Total comprehensive income / (loss) for the year		(772,653)	(618,335)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

FXOPEN LTD & SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	**13**		321,971		73,503
Tangible assets	**14**		14,178		118
			336,149		73,621
Current assets					
Debtors	**16**	155,711		73,094	
Cash at bank and in hand		3,828,182		6,604,796	
		3,983,893		6,677,890	
Creditors: amounts falling due within one year	**17**	(2,262,365)		(3,921,181)	
Net current assets			1,721,528		2,756,709
Total assets less current liabilities			2,057,677		2,830,330
Capital and reserves					
Called up share capital	**19**		4,549,094		4,549,094
Profit and loss reserves	**20**		(2,491,417)		(1,718,764)
Total equity			2,057,677		2,830,330

The financial statements were approved by the board of directors and authorised for issue on 24/12/2021 and are signed on its behalf by:

....
A Stepanov
Director

Company Registration No. 07273392

FXOPEN LTD & SUBSIDIARY

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	**13**		19,333		73,503
Tangible assets	**14**		2,154		118
Investments	**15**		1,305,083		-
			1,326,570		73,621
Current assets					
Debtors	**16**	29,683		73,094	
Cash at bank and in hand		3,198,003		6,604,796	
		3,227,686		6,677,890	
Creditors: amounts falling due within one year	**17**	(2,238,764)		(3,921,181)	
Net current assets			988,922		2,756,709
Total assets less current liabilities			2,315,492		2,830,330
Capital and reserves					
Called up share capital	**19**		4,549,094		4,549,094
Profit and loss reserves	**20**		(2,233,602)		(1,718,764)
Total equity			2,315,492		2,830,330

The financial statements were approved by the board of directors and authorised for issue on 24/12/2021
and are signed on its behalf by:

A Stepanov
Director

Company Registration No. 07273392

FXOPEN LTD & SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 January 2019		2,263,066	(1,100,429)	1,162,637
Period ended 31 December 2019:				
Loss and total comprehensive income for the year		-	(618,335)	(618,335)
Issue of share capital	19	2,286,028	-	2,286,028
Balance at 31 December 2019		4,549,094	(1,718,764)	2,830,330
Period ended 31 December 2020:				
Loss for the year		-	(801,273)	(801.273)
Other comprehensive income – foreign exchange profit		-	28,620	28,620
Balance at 31 December 2020		4,549,094	(2,491,417)	2,057,677

FXOPEN LTD & SUBSIDIARY

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 January 2019		2,263,066	(1,100,429)	1,162,637
Period ended 31 December 2019:				
Loss and total comprehensive income for the year		-	(618,335)	(618,335)
Issue of share capital	19	2,286,028	-	2,286,028
Balance at 31 December 2019		4,549,094	(1,718,764)	2,830,330
Period ended 31 December 2020:				
Loss and total comprehensive income for the year		-	(514,838)	(514,838)
Balance at 31 December 2020		4,549,094	(2,233,602)	2,315,492

FXOPEN LTD & SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	23		(2,370,912)		(1,404,823)
Interest paid			(40,574)		-
Income taxes paid			-		-
Net cash flows from operating activities			(2,411,486)		(1,404,823)
Investing activities					
Purchase of intangible assets		(356,044)		(17,765)	
Purchase of tangible fixed assets		(9,084)		-	
Purchase of non current assets		-		-	
Interest received		-		14,980	
Net cash used in investing activities			(365,128)		(2,785)
Financing activities					
Proceeds from issue of shares		-		2,286,028	
Net cash (used in)/generated from financing activities			-		2,286,028
Net (decrease)/increase in cash and cash equivalents			(2,776,614)		878,420
Cash and cash equivalents at beginning of year			6,604,796		5,726,376
Cash and cash equivalents at end of year			3,828,182		6,604,796

1 Accounting policies

Company information

FXOpen LTD is a private company limited by shares incorporated in England and Wales. The registered office is 3rd Floor Waverley House, 7-12 Noel Street, London, W1F 8GQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company and its subsidiary. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The consolidated financial statements present the results of the parent company and its subsidiary ("the Group") as if they formed a single entity. Intercompany transactions and balances between group entities are therefore eliminated in full.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover represents commission income from broking in foreign exchange and precious metals trades and is recognised on a trade date basis.

1.5 Intangible fixed assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity. Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives.

Goodwill is reviewed for impairment annually by comparison of the carrying value of the recoverable amount. If the carrying value exceeds the recoverable amount, goodwill is considered impaired. The amount of impairment loss is measured as the difference between the carrying value and the recoverable amount.

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life on the following basis:

Goodwill	5 years straight line
Software	33% - 100% straight line

1 Accounting policies

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	15% - 33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to profit or loss.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Impairment of fixed assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss. If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies

1.9 Financial instruments

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Fair value measurement of financial instruments

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

1 Accounting policies

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1 Accounting policies

1.11 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Client money

The parent company holds money on behalf of clients in accordance with the client money rules of the FCA. Client monies held in segregated bank accounts in accordance with regulations and the corresponding liabilities to these clients are not recognised in the Balance Sheet. At 31 December 2020, amounts held by the parent company on behalf of clients in accordance with the Client Assets Rules of the Financial Conduct Authority amounted to £1,467,759 (2019: £1,386,000).

Subsidiary company FXOpen EU Ltd, holds money on behalf of clients in accordance with the client money rules of the CySEC (Cyprus). At 31 December 2020, amounts held by the FXOpen EU Ltd on behalf of clients in accordance with the Client Assets Rules of the Cyprus Securities and Exchange Commission amounted to £9,111 (2019: £nil).

4 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2020	2019
	£	£
Turnover		
Commission	248,959	172,888

	2020	2019
	£	£
Other significant income		
Other operating income	1,337	-
Interest income	3,272	14,980

The Group's income is derived from trading in CFDs as principal which, for the purposes of segmental analysis, is considered by the directors to be a single global market.

5 Operating loss

	2020	2019
Operating loss for the year is stated after charging/(crediting):	£	£
Exchange losses/(gains)	45,938	163,751
Fees payable to the group's auditors for the audit of the group's financial statements	17,575	9,350
Depreciation of owned tangible fixed assets	2,235	339
Amortisation of intangible assets	107,576	58,004
Operating lease charges	70,957	69,870

6 Auditors' remuneration

	2020	2019
	£	£
Fees payable to the group's auditor and its associates:		
For audit services		
Audit of the parent company's financial statements	9,750	9,350
Audit of other group subsidiary	7,825	-
	17,575	9,350

7 Employees

The average monthly number of persons employed by the group during the year was:

	2020 Number	2019 Number
Management	4	2
Administration	3	1
	7	3

Their aggregate remuneration comprised:	2020 £	2019 £
Wages and salaries	395,218	272,659
Social security costs	30,083	33,878
Pension costs	6,917	4,224
	432,218	310,761

8 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	270,993	215,000
Group pension contributions to defined contribution schemes	2,847	-

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2019: 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	115,000	115,000
Group pension contributions to defined contribution schemes	1,314	-

9 Interest receivable and similar income

	2020 £	2019 £
Interest on bank deposits and other interest income	3,272	14,980

10 Interest payable and similar expenses

	2020	2019
	£	£
Other interest on financial liabilities	40,574	-
	40,574	-

11 Taxation

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2020	2019
	£	£
Loss before taxation	(801,273)	(618,335)
Expected tax credit based on the effective rate of corporation tax of 15.80% (2019: 19.00%)	(126,200)	(117,484)
Tax effect of expenses that are not deductible in determining taxable profit	4,035	95
Tax effect of utilisation of tax losses not previously recognised	-	(2,846)
Unutilised tax losses carried forward	115,594	112,526
Depreciation on assets not qualifying for tax allowances	78	64
Amortisation on assets not qualifying for tax allowances	10,292	11,020
Capital Allowances	(464)	(3,375)
Tax effect of allowances and income not subject to tax	(221)	-
Effect of overseas tax rates	(3,114)	-
Taxation charge for the year	-	-

The group has estimated losses of £3,501,479 (2019: £1,800,261) available for carry forward against future trading profits.

12 Parent Company Loss for the period

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent company year ended 31 December 2020 was £514,838 (Dec 2019: £618,335).

13 Intangible fixed assets

Group

	Software	Goodwill	Total
	£	£	£
Cost			
At 1 January 2020	200,995	-	200,995
Additions	-	356,044	356,044
At 31 December 2020	200,995	356,044	557,039
Amortisation and impairment			
At 1 January 2020	127,492	-	127,492
Amortisation charged for the year	54,170	53,406	107,576
At 31 December 2020	181,662	53,406	235,068
Carrying amount			
At 31 December 2020	19,333	302,638	321,971
At 31 December 2019	73,503	-	73,503

On 31 March 2020 the subsidiary company FXOpen EU Ltd (Cyprus) was acquired, resulting in a goodwill of £356,044, with no impairment loss on acquisition.

Company

	Software
	£
Cost	
At 1 January 2020 and 31 December 2020	196,947
Amortisation and impairment	
At 1 January 2020	123,444
Amortisation charged for the year	54,170
At 31 December 2020	177,614
Carrying amount	
At 31 December 2020	19,333
At 31 December 2019	73,503

14 Tangible fixed assets

Group

	Plant and machinery
	£
Cost	
At 1 January 2020	59,850
Additions	9,084
At 31 December 2020	68,934
Depreciation and impairment	
At 1 January 2020	51,937
Depreciation charged in the year	2,819
At 31 December 2020	54,756
Carrying amount	
At 31 December 2020	14,178
At 31 December 2019	7,913

Company

	Plant and machinery
	£
Cost	
At 1 January 2020	10,524
Additions	2,444
At 31 December 2020	12,968
Depreciation and impairment	
At 1 January 2020	10,406
Depreciation charged in the year	408
At 31 December 2020	10,814
Carrying amount	
At 31 December 2020	2,154
At 31 December 2019	118

15 Fixed asset investments

	2020	2019
	£	£
Investments in subsidiary	1,305,083	-

Movements in fixed asset investments

	Shares in group undertakings
	£
Cost or valuation	
At 1 January 2020	-
Additions	1,305,083
At 31 December 2020	1,305,083
Carrying amount	
At 31 December 2020	1,305,083
At 31 December 2019	-

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

Subsidiary

Details of the company's subsidiary at 31 December 2020 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
FXOpen EU Ltd	Cyprus	Provision of Investment activity	Ordiary	100.00

On 7 August 2020, the subsidiary company changed its name from AMB Prime Ltd to FXOpen EU Ltd.

Registered office addresses (all UK unless otherwise indicated):

Spyrou Kyprianou, 38, CCS Building, Office N101, Limassol, 4154, Cyprus.

16 Debtors

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Amounts falling due within one year:				
Trade debtors	63,472	899	5,862	5,862
Other debtors	27,545	19,096	18,363	18,363
Prepayments and accrued income	13,783	9,688	48,869	48,869
	104,800	29,683	73,094	73,094

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Amounts falling due after more than one year:				
Other debtors	50,911	-	-	-
Total debtors	155,711	29,683	73,094	73,094

Other debtors falling due after more than one year represent contributions amounting to £50,911, which are mandatory deposits to the Investors Compensation Fund (Cyprus). These deposits are not available for use in the Group's day to day operations but are refundable in the case the subsidiary in Cyprus, ceases to be considered as a Cyprus Investment Firm and provided no claims are pending against it from clients.

17 Creditors: amounts falling due within one year

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Trade creditors	2,228,092	2,216,382	3,898,412	3,898,412
Amount due to subsidiary undertakings	-	-	-	-
Corporation tax	-	-	-	-
Taxes and social security costs	14,982	11,480	11,242	11,242
Other creditors	-	-	-	-
Accruals and deferred income	19,291	10,902	11,527	11,527
	2,262,365	2,238,764	3,921,181	3,921,181

Trade creditors include amounts of £818,609 (2019: £1,999,908) owed to professional clients. The corresponding amounts are included in cash at bank.

Trade creditors include amounts of £1,381,777 (2019: £1,896,382) owed to the CFD liquidity provider.

18 Retirement benefit schemes

Defined contribution schemes	2020 £	2019 £
Charges to profit and loss in respect of defined contribution schemes	6,917	4,224
	6,917	4,224

The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

19 Share capital

Ordinary share capital	2020 Number	2019 Number	2020 £	2019 £
Issued and fully paid				
Ordinary shares of £1 each	4,549,094	4,549,094	4,549,094	4,549,094

20 Profit and loss reserves

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
At the beginning of the year	(1,718,764)	(1,718,764)	(1,100,429)	(1,100,429)
Comprehensive loss for the year	(772,653)	(514,838)	(618,335)	(618,335)
At the end of the year	(2,491,417)	(2,233,602)	(1,718,764)	(1,718,764)

21 Financial instruments

	Group 2020 £	Company 2020 £	Group 2019 £	Company 2019 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	141,928	16,700	21,612	21,612
Carrying amount of financial liabilities				
Measured at amortised cost	2,247,383	2,227,284	3,909,939	3,909,939

22 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	25,200	44,625

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020	2019
	£	£
Aggregate compensation	270,993	215,000

The group has taken advantage of the exemption available under paragraph 33.1A of FRS 102 "Transactions with group members" whereby it has not disclosed transactions with the wholly owned subsidiary undertaking of the group.

No guarantees have been given or received.

24 Events after the reporting date

On 23 March 2021, 86,073 ordinary shares of £1 each of the parent company were allotted and fully paid at par for cash consideration to provide additional working capital.

Other significant subsequent events relate to the ongoing global pandemic diffusion of COVID-19 and end of the Brexit related transition period on 31 December 2020. Management has considered the possible impact and have taken appropriate measures to mitigate any potential interruption to the business.

There are no matters to report.

25 Ultimate controlling party

The ultimate controlling party is Mr Aliaksandr Klimenka by virtue of his shareholding.

26 Cash absorbed by operations

	2020	2019
	£	£
Loss for the year after tax	(801,273)	(618,335)
Adjustments for:		
Finance costs	40,574	-
Investment income	(3,272)	(14,980)
Amortisation and impairment of intangible assets	107,576	58,004
Depreciation and impairment of tangible fixed assets	2,235	339
Movements in working capital:		
Decrease / (increase) in debtors	(57,936)	(12,298)
Increase / (decrease) in creditors	(1,658,816)	(817,553)
Cash absorbed by operations	(2,370,912)	(1,404,823)