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Registered number: 07289573

FREEMARKETFX LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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COMPANY INFORMATION

Directors	A Hunn R Ricci C Crosswell S Woolham G Whittaker
Company secretary	A Hunn
Registered number	07289573
Registered office	Gg107 Metal Box Factory 30 Great Guildford Street London SE1 0HS
Accountants	Nexia Smith & Williamson Chartered Accountants Statutory Auditor 45 Gresham Street London EC2V 7BG

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CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

I am delighted to present the 2021 Annual Report which delivers another year of exceptional growth across the business in terms of revenue, payment volume and quality headcount as we continue to execute our planned strategy successfully. We have also moved to a hybrid remote working policy which has proven successful and we are very proud of being part of a thriving, creative, growing business at a time of global uncertainty. All of this helps us make a positive impact on our clients, the economy and our people.

Revenues increased by over 137% from £3.9 million to £9.3 million. Underlying gross margin increased from 67.4% to 67.8%, as the business continued to effectively execute on its strategy of diversifying the product and service offering, whilst transitioning from low margin and price led client business.

Staff costs, including external consultants and recruitment fees, constitute 88% of operating costs compared to 86% in 2020, and increased from £4.9 million to £7.2 million respectively. The business continued to increase headcount throughout year and now employs 53 staff compared to 49 at the end of 2020.

The pre-tax loss decreased significantly from £3.1 million in 2020 to £1.9 million, as the Board continues to invest in people and the platform capability required to scale the business and execute on the business plan.

The Company raised £4 million in net capital during the year. This investment continues to underpin shareholder support of the commercial strategy and provides sufficient working and regulatory capital for the business.

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Richi Ricci
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R Ricci
Chairman

Date: 6/22/2022

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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

Directors' responsibilities statement

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

Directors

The Directors who served during the year were:

A Hunn
R Ricci
C Crosswell
S Woolham
G Whittaker

Disclosure of information to auditors

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

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and

- the Directors have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors is aware of that information.

Auditors

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

DocuSigned by:
ALEX HUNN
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A Hunn
Director

Date: 6/22/2022

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FREEMARKETFX LIMITED

Opinion

We have audited the financial statements of FreemarketFx Limited (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the Consolidated Profit and Loss account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and the 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 Company's affairs as at 31 December 2021 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 and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 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.

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Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report and Financial Statements. 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 the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' report and from the requirement to prepare a strategic report.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 2, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FREEMARKETFX LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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 obtained a general understanding of the Group and Company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations and how management identify breaches of the applicable Financial Conduct Authority (FCA) rules. We also drew on our existing understanding of the Group and Company's industry and regulation.

We understand that the Group and Company comply with requirements of the framework through:

- The Directors managing and overseeing a compliance function
- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change
- The Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly and are considered at Board meetings.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Group and Company's ability to conduct its business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the Group and Company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements; and
- The UK regulatory principles, including those governed by the Financial Conduct Authority (FCA) and the Payment Services Regulations 2017.

To gain evidence about compliance with the significant laws and regulations above we reviewed the Company's breaches register, reviewed board meeting minutes, inspected correspondence with the FCA relating to the period and obtained written management representations regarding the adequacy of procedures in place.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Group and Company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were the risk of manipulation of the financial statements through manual journal entries and incorrect recognition of revenue. These areas were communicated to the other members of the engagement team who were not present at the discussion.

The procedures we carried out to gain evidence in the above areas included;

- Testing of a sample of revenue transactions to underlying documentation; and
- Testing of a sample of manual journal entries, selected through applying specific risk assessments based on the Company's processes and controls surrounding manual journal entries.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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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.

Nexia Smith & Williamson

Jonathan Wiseman (Senior Statutory Auditor)

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants
Statutory Auditor

45 Gresham Street
London
EC2V 7BG
Date: 23/06/2022

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

	2021 £	*2020* *£*
Turnover	9,333,962	*3,942,037*
Cost of sales	(3,002,663)	*(1,286,546)*
Gross profit	6,331,299	*2,655,491*
Administrative expenses	(8,173,382)	*(5,725,346)*
Share based payment charge	(52,456)	*(74,932)*
Operating loss	(1,894,539)	*(3,144,787)*
Interest receivable and similar income	393	*1,703*
Interest payable and similar expenses	(22,853)	-
Loss before tax	(1,916,999)	*(3,143,084)*
Loss for the financial year	(1,916,999)	*(3,143,084)*
Loss for the year attributable to:		
Owners of the parent	(1,916,999)	*(3,143,084)*
	(1,916,999)	*(3,143,084)*

There were no recognised gains and losses for 2021 or 2020 other than those included in the consolidated profit and loss account.

The notes on pages 15 to 25 form part of these financial statements.

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CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	7		66,468		*52,160*
			66,468		*52,160*
Current assets					
Debtors: amounts falling due within one year	8	304,331		*288,910*	
Cash at bank and in hand	9	4,509,545		*1,231,148*	
		4,813,876		*1,520,058*	
Creditors: amounts falling due within one year	10	(1,946,436)		*(771,325)*	
Net current assets			2,867,440		*748,733*
Total assets less current liabilities			2,933,908		*800,893*
Net assets			2,933,908		*800,893*
Capital and reserves					
Called up share capital	11		8,088		*6,798*
Share premium account	12		17,689,185		*13,692,917*
Profit and loss account	12		(14,763,365)		*(12,898,822)*
Equity attributable to owners of the parent company			2,933,908		*800,893*
			2,933,908		*800,893*

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

DocuSigned by:
ALEX HUNN 6/22/2022
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A Hunn
Director

The notes on pages 15 to 25 form part of these financial statements.

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COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	7		66,468		52,160
			66,468		52,160
Current assets					
Debtors: amounts falling due within one year	8	307,123		288,910	
Cash at bank and in hand	9	4,509,545		1,231,148	
		4,816,668		1,520,058	
Creditors: amounts falling due within one year		(1,946,436)		(771,325)	
Net current assets			2,870,232		748,733
Total assets less current liabilities			2,936,700		800,893
Net assets			2,936,700		800,893
Capital and reserves					
Called up share capital	11		8,088		6,798
Share premium account	12		17,689,185		13,692,917
Profit and loss account brought forward		(12,846,366)		(9,755,738)	
Loss for the year		(1,914,207)		(3,143,084)	
Profit and loss account carried forward			(14,760,573)		(12,898,822)
			2,936,700		800,893

The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6/23/2022

A Hunn
Director

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ALEX HUNN
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The notes on pages 15 to 25 form part of these financial statements.

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

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£	£	£	£	£
At 1 January 2021	6,798	13,692,917	(12,898,822)	800,893	800,893
Comprehensive income for the year					
Loss for the year	-	-	(1,916,999)	(1,916,999)	(1,916,999)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	(1,916,999)	(1,916,999)	(1,916,999)
Shares issued during the year	1,290	3,996,268	-	3,997,558	3,997,558
Share based payment charge	-	-	52,456	52,456	52,456
Total transactions with owners	1,290	3,996,268	52,456	4,050,014	4,050,014
At 31 December 2021	8,088	17,689,185	(14,763,365)	2,933,908	2,933,908

The notes on pages 15 to 25 form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£	£	£	£	£
At 1 January 2020	5,498	10,146,361	(9,830,670)	321,189	321,189
Comprehensive income for the year					
Loss for the year	-	-	(3,143,084)	(3,143,084)	(3,143,084)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	(3,143,084)	(3,143,084)	(3,143,084)
Shares issued during the year	1,300	3,546,556	-	3,547,856	3,547,856
Share based payment charge	-	-	74,932	74,932	74,932
Total transactions with owners	1,300	3,546,556	74,932	3,622,788	3,622,788
At 31 December 2020	6,798	13,692,917	(12,898,822)	800,893	800,893

The notes on pages 15 to 25 form part of these financial statements.

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2021	6,798	13,692,917	(12,898,822)	800,893
Comprehensive income for the year				
Loss for the year	-	-	(1,914,207)	(1,914,207)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(1,914,207)	(1,914,207)
Contributions by and distributions to owners				
Shares issued during the year	1,290	3,996,268	-	3,997,558
Share based payment charge	-	-	52,456	52,456
Total transactions with owners	1,290	3,996,268	52,456	4,050,014
At 31 December 2021	8,088	17,689,185	(14,760,573)	2,936,700

The notes on pages 15 to 25 form part of these financial statements.

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COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	5,498	10,146,361	(9,830,670)	321,189
Comprehensive income for the year				
Loss for the year	-	-	(3,143,084)	(3,143,084)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	(3,143,084)	(3,143,084)
Contributions by and distributions to owners				
Shares issued during the year	1,300	3,546,556	-	3,547,856
Share based payment charge	-	-	74,932	74,932
Total transactions with owners	1,300	3,546,556	74,932	3,622,788
At 31 December 2020	6,798	13,692,917	(12,898,822)	800,893

The notes on pages 15 to 25 form part of these financial statements.

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1. General information

FreemarketFx Limited is a private limited Company, limited by shares and is incorporated in England and Wales. The Company's registration number is 07289573 and the registered office address is at Gg107 Metal Box Factory, 30 Great Guildford Street, London, United Kingdom, SE1 0HS.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Profit and Loss Account in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Profit and Loss Account from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The financial statements have been prepared on a going concern basis.
The Directors have carefully reviewed the future prospects of the Group and Company, including its continued increase in revenues post year end and have considered the fact that the Group and Company is heading towards profitability. Having made these assessments, the Directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future being at least the next 12 months from signing of these financial statements. For this reason the Directors continue to adopt the going concern basis for the preparation of the Financial Statements.

Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Group and Company was unable to continue as a going concern.

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2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Turnover

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

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

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2. Accounting policies (continued)

2.6 Operating leases

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

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

2.7 Borrowing costs

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

2.8 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.9 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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2. Accounting policies (continued)

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

The estimated useful lives are as follows:

Office equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.11 Investment in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

The Company holds safeguarded funds on behalf of customers in accordance with the safeguarding requirements of the Financial Conduct Authority. Safeguarded customer funds are held in segregated bank accounts in accordance with regulations. These funds and the corresponding liabilities to these clients are not recognised in the balance sheet. The balance of the funds held at the year end is disclosed in note 9 of the financial statements.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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2. Accounting policies (continued)

2.15 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

2.16 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

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

2.17 Share based payments

The Company recognises the goods or services received or acquired in a share-based payment transaction when it obtains the goods or as the services are received. The Company recognises a charge for the fair value of share options and warrants issued at grant date in a share based payment transaction, spread over their vesting period, with a corresponding increase in equity (Profit and Loss Account).

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

No significant judgements have had to be made and no key sources of estimation uncertanty have been identified by the Directors in preparing these financial statements.

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4. Auditors' remuneration

	2021 £	*2020 £*
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	39,870	*33,000*

5. Employees

The average monthly number of employees, including directors, during the year was 45 *(2020 - 36)*.

6. Investment in subsidiaries

During the year, the Company incorporated a new subsidiary undertaking - FreemarketFX Ireland Limited. The subsidiary is fully owned by the Company and is registered in the Republic of Ireland as a private company limited by shares. Its registered number with the Irish registrar of companies is 690987 and its registered address is The Black Church, Saint Mary's Place, D07 P4AX. The value of the subsidiary's share capital at year end is nominal.

The subsidiary was incorporated with a view of offering the same services as the Company to its European client base upon obtaining its licence from the Central Bank of Ireland. The licencing process is in progress.

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7. Tangible fixed assets

Group and Company

	Office equipment £
Cost	
At 1 January 2021	101,245
Additions	53,617
Disposals	(7,649)
At 31 December 2021	147,213
Depreciation	
At 1 January 2021	49,085
Charge for the year on owned assets	38,674
Disposals	(7,014)
At 31 December 2021	80,745
Net book value	
At 31 December 2021	66,468
At 31 December 2020	*52,160*

All of the Group's tangible fixed assets are held in the Parent company.

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8. Debtors

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Trade debtors	70,777	*41,551*	70,777	*41,551*
Amounts owed by group undertakings	-	-	2,792	-
Other debtors	73,546	*183,841*	73,546	*183,841*
Prepayments and accrued income	160,008	*63,518*	160,008	*63,518*
	304,331	*288,910*	307,123	*288,910*

9. Cash and cash equivalents

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Cash at bank and in hand	4,509,545	*1,231,148*	4,509,545	*1,231,148*
Less: bank overdrafts	-	*(2,330)*	-	*(2,330)*
	4,509,545	*1,228,818*	4,509,545	*1,228,818*

Excluded from the cash at bank and in hand balance is an amount of £142,714,686 (2020: £49,610,118) held in segregated client bank accounts subject to safeguarding restrictions. As per the company's accounting policies, these funds are not deemed to have met the criteria for recognition on balance sheet.

10. Creditors: Amounts falling due within one year

	Group 2021 £	*Group 2020 £*	**Company 2021 £**	*Company 2020 £*
Bank overdrafts	-	*2,330*	-	*2,330*
Trade creditors	315,422	*157,772*	315,422	*157,772*
Other taxation and social security	145,625	*118,313*	145,625	*118,313*
Other creditors	9,684	*9,298*	9,684	*9,298*
Accruals and deferred income	1,475,705	*483,612*	1,475,705	*483,612*
	1,946,436	*771,325*	1,946,436	*771,325*

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11. Share capital

	2021 £	*2020* *£*
Authorised, allotted, called up and fully paid		
80,876 *(2020 - 67,984)* Ordinary shares of £0.10 each	8,088	*6,798*

During the year, the Company issued 12,892 ordinary shares of £0.10 at a price of £310.24 per share. The shares were fully paid at the year end.

12. Reserves

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account

The profit and loss account represents accumulated realised profit and loss reserves.

Share based payments

The Company recognises an expense for the fair value of share options and warrants issued at grant date in a share based payment transaction, spread over their vesting period, with a corresponding increase in the Profit and Loss account (equity).

The Company used a Black Scholes model to calculate the fair value of share options and warrants at grant date.

The main inputs used in determining the fair value of the share options and warrants at grant date were:
- the stock price at grant date - based on the most recent share issues before grant;
- the exercise price - based on the share options and warrant agreements;
- the term of the options and warrants - which is estimated taking into account the vesting term and the exercise period
- the compounded risk-free interest rate - based on estimations of observable market data
- the volatility - based on listed companies operating in a similar sector.

Details in respect of share options and warrants issued by the Company are shown below:

	Number of share options/warrants outstanding at 31 December 2021 £	Of which fully vested £	Weighted average exercise price (per share) £	Number of share options/warrants outstanding at 31 December 2020 £	Of which fully vested £	Weighted average exercise price (per share) £
Share based payments						
Warrants	765	765	310.24	765	765	310
Share options	4,579	3,752	236.09	3,790	3,131	221

13. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £343,494 (2020 - £239,603). Contributions totalling £nil (2020 - £nil) were payable to the fund at the balance sheet date.

14. Commitments under operating leases (Group and the Company)

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

Group	**2021** £	*2020* £
Not later than 1 year	69,300	*62,300*
Later than 1 year and not later than 5 years	-	*69,300*
	69,300	*131,600*

15. Related party transactions

During the year, the Company issued 12,892 Ordinary Shares for a total consideration of £3,999,614 (2020: 8,059 Ordinary Shares for a total consideration of £2,500,224) to a company with significant influence. The funds were received under a convertible loan agreement and were fully converted as ordinary shares during the year.

Directors' remuneration in the year, including national insurance and pension contributions, amounted to £657,581 (2020: £388,944).

16. Subsequent events

There are no material post balance sheet events.

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17. Controlling party

The Directors consider there to be no ultimate controlling party.