

FREEMARKETFX LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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FREEMARKETFX LIMITED

COMPANY INFORMATION

Directors	A Hunn R Ricci C Crosswell S Woolham (resigned 8 March 2023) G Whittaker I Leech (appointed 8 March 2023)
Company secretary	A Hunn
Registered number	07289573
Registered office	Gg107 Metal Box Factory 30 Great Guildford Street London SE1 0HS
Independent auditor	CLA Evelyn Partners Limited Chartered Accountants & Statutory Auditor 45 Gresham Street London EC2V 7BG

FREEMARKETFX LIMITED

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FREEMARKETFX LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The chairman presents his statement for the period.

This 2022 Annual Report confirms another year of strong growth for the Group. In terms of revenues, payment volumes and client quality we continue to execute our planned strategy successfully. We have maintained a hybrid, office and home based, working model which has continued to prove successful, and we are proud to be part of a thriving, creative and growing business at a time of global uncertainty. We have an excellent leadership team, and I am grateful for their dedication, commitment and support. FreemarketFX Limited ("Freemarket") is having a positive impact on our clients and our people.

Revenues increased by 102% from £9.3 million to £18.5 million. Underlying gross margin increased from 67.8% to 76.0%, as the business continued to diversify its product and service offering, whilst successfully transitioning away from low margin and price-led client business.

Staff costs, including external consultants and recruitment fees, constitute 85% of operating costs compared to 88% in 2021, and increased from £6.5 million to £8.7 million. As the business grew, the company continued to increase headcount and now employs 60 staff compared to 45 at the end of 2021.

The financial performance of the company improved significantly from a loss of £1.9 million in 2021 to a profit of £2.9 million in 2022. The Board continues to invest in people and in our platform capability to provide the capability and capacity to grow the business in line with our ambition. The company has a healthy excess of £4.7 million over the ongoing FCA regulatory capital requirements after including the audited profit noted above.

We look forward to taking on new challenges in 2023 as we continue to expand our offering throughout Europe and beyond.

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

Richard T. Ricci

Richard T. Ricci (Jun 21, 2023 14:55 GMT+1)

R Ricci
Chairman

Date: 21/06/2023

FREEMARKETFX LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

The Directors present their report and the financial statements for the year ended 31 December 2022.

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; and
- 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.

Results and dividends

The profit for the year, after taxation, amounted to £2,875,526 (2021 - loss £1,916,999).

Directors

The Directors who served during the year were:

A Hunn
R Ricci
C Crosswell
S Woolham (resigned 8 March 2023)
G Whittaker

FREEMARKETFX LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Disclosure of information to auditor

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

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

Post balance sheet events

After the balance sheet date the Group and Company completed a fund raising process. In May 2023, Baird Capital undertook a strategic investment into Freemarket. Baird Capital's partnership approach, international capabilities, Financial Services sector expertise and cultural alignment made them a compelling partner for Freemarket and our clients. This investment will enable the Group to accelerate its growth plans and continue to access new international markets.

Auditor

The auditor, CLA Evelyn Partners Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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.

Alex Hunn
Alex Hunn (Jun 21, 2023 12:00 GMT+1)

A Hunn
Director

Date: 21/06/2023

FREEMARKETFX LIMITED

INDEPENDENT AUDITOR'S 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 2022 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, Consolidated Statement of Cashflows, Consolidated Analysis of Net Debt 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 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

FREEMARKETFX LIMITED

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

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 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 AUDITOR'S 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 Group's processes and controls surrounding manual journal entries.


FREEMARKETFX LIMITED

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

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.

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.


CLA Evelyn Partners (Jun 21, 2023 22:56 GMT+1)

Chetan Mistry (Senior Statutory Auditor)

for and on behalf of
CLA Evelyn Partners Limited

Chartered Accountants
Statutory Auditor

45 Gresham Street
London
EC2V 7BG

Date: 21/06/2023

FREEMARKETFX LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

		2022 £	2021 £
Turnover	4	18,457,054	9,333,962
Cost of sales		(4,510,488)	(3,002,663)
Gross profit		13,946,566	6,331,299
Administrative expenses		(11,381,003)	(8,173,382)
Share based payment charge		(63,672)	(52,456)
Operating profit/(loss)	5	2,501,891	(1,894,539)
Interest receivable and similar income	9	373,666	393
Interest payable and similar expenses	10	(31)	(22,853)
Profit/(loss) before tax		2,875,526	(1,916,999)
Profit/(loss) for the financial year		2,875,526	(1,916,999)
Profit/(loss) for the year attributable to:			
Owners of the parent		2,875,526	(1,916,999)
		2,875,526	(1,916,999)

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated profit and loss account.

The notes on pages 19 to 31 form part of these financial statements.

FREEMARKETFX LIMITED
REGISTERED NUMBER: 07289573

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	12		123,295		66,468
			<u>123,295</u>		<u>66,468</u>
Current assets					
Debtors: amounts falling due within one year	14	352,678		304,331	
Cash at bank and in hand	15	8,284,349		4,509,545	
		<u>8,637,027</u>		<u>4,813,876</u>	
Creditors: amounts falling due within one year	16	(2,887,216)		(1,946,436)	
Net current assets			<u>5,749,811</u>		<u>2,867,440</u>
Total assets less current liabilities			<u>5,873,106</u>		<u>2,933,908</u>
Net assets			<u><u>5,873,106</u></u>		<u><u>2,933,908</u></u>
Capital and reserves					
Called up share capital	17		8,088		8,088
Share premium account	18		17,689,185		17,689,185
Profit and loss account	18		(11,824,167)		(14,763,365)
Equity attributable to owners of the parent Company			<u>5,873,106</u>		<u>2,933,908</u>
Shareholder's funds			<u><u>5,873,106</u></u>		<u><u>2,933,908</u></u>

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

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

Alex Hunn
Alex Hunn (Jun 21, 2023 12:00 GMT+1)

A Hunn
Director

Date: 21/06/2023

The notes on pages 19 to 31 form part of these financial statements.

FREEMARKETFX LIMITED
REGISTERED NUMBER: 07289573

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2022 £	2021 £	2021 £
Fixed assets					
Tangible assets	12		123,295		66,468
			<u>123,295</u>		<u>66,468</u>
Current assets					
Debtors: amounts falling due within one year	14	489,115		307,123	
Cash at bank and in hand	15	8,284,349		4,509,545	
		<u>8,773,464</u>		<u>4,816,668</u>	
Creditors: amounts falling due within one year	16	(2,887,216)		(1,946,436)	
Net current assets			<u>5,886,248</u>		<u>2,870,232</u>
Total assets less current liabilities			<u>6,009,543</u>		<u>2,936,700</u>
Net assets			<u>6,009,543</u>		<u>2,936,700</u>
Capital and reserves					
Called up share capital	17		8,088		8,088
Share premium account	18		17,689,185		17,689,185
Profit and loss account brought forward		(14,760,573)		(12,898,822)	
Profit/(loss) for the year		3,009,171		(1,914,207)	
Other changes in the profit and loss account		<u>63,672</u>		<u>52,456</u>	
Profit and loss account carried forward			<u>(11,687,730)</u>		<u>(14,760,573)</u>
Shareholder's funds			<u>6,009,543</u>		<u>2,936,700</u>

FREEMARKETFX LIMITED
REGISTERED NUMBER: 07289573

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2022

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

Alex Hunn
Alex Hunn (Jun 21, 2023 12:00 GMT+1)

A Hunn
Director

Date: 21/06/2023

The notes on pages 19 to 31 form part of these financial statements.

FRÉEMARKETFX LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Share premium account	Profit and loss account	Equity attributable to owners of parent Company	Total equity
	£	£	£	£	£
At 1 January 2022	8,088	17,689,185	(14,763,365)	2,933,908	2,933,908
Comprehensive income for the year					
Profit for the year	-	-	2,875,526	2,875,526	2,875,526
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	2,875,526	2,875,526	2,875,526
Contributions by and distributions to owners					
Share based payment charge	-	-	63,672	63,672	63,672
Total transactions with owners	-	-	63,672	63,672	63,672
At 31 December 2022	8,088	17,689,185	(11,824,167)	5,873,106	5,873,106

The notes on pages 19 to 31 form part of these financial statements.

FREEMARKETFX LIMITED

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)
Contributions by and distributions to owners					
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 19 to 31 form part of these financial statements.

FREEMARKETFX LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2022	8,088	17,689,185	(14,760,573)	2,936,700
Comprehensive income for the year				
Profit for the year	-	-	3,009,171	3,009,171
Other comprehensive income for the year				
	-	-	-	-
Total comprehensive income for the year	-	-	3,009,171	3,009,171
Contributions by and distributions to owners				
Share based payment charge	-	-	63,672	63,672
Total transactions with owners	-	-	63,672	63,672
At 31 December 2022	8,088	17,689,185	(11,687,730)	6,009,543

The notes on pages 19 to 31 form part of these financial statements.

FREEMARKETFX LIMITED

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 19 to 31 form part of these financial statements.

FREEMARKETFX LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022 £	2021 £
Cash flows from operating activities		
Profit/(loss) for the financial year	2,875,526	(1,916,999)
Adjustments for:		
Depreciation of tangible assets	54,216	38,674
Interest paid	31	22,853
Interest received	(373,666)	(393)
(Increase) in debtors	(48,347)	(15,421)
Increase in creditors	940,780	1,177,441
Share based payments	63,672	52,456
Net cash generated from / (used in) operating activities	3,512,212	(641,389)
Cash flows from investing activities		
Purchase of tangible fixed assets	(114,579)	(53,617)
Sale of tangible fixed assets	3,536	635
Interest received	373,666	393
Net cash from / (used in) investing activities	262,623	(52,589)
Cash flows from financing activities		
Issue of ordinary shares	-	3,997,558
Interest paid	(31)	(22,853)
Net cash from / (used in) financing activities	(31)	3,974,705
Net increase in cash and cash equivalents	3,774,804	3,280,727
Cash and cash equivalents at beginning of year	4,509,545	1,228,818
Cash and cash equivalents at the end of year	8,284,349	4,509,545
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	8,284,349	4,509,545
	8,284,349	4,509,545

The notes on pages 19 to 31 form part of these financial statements.

FREEMARKETFX LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2022

	At 1 January 2022 £	Cash flows £	At 31 December 2022 £
Cash at bank and in hand	4,509,545	3,774,804	8,284,349
	<u>4,509,545</u>	<u>3,774,804</u>	<u>8,284,349</u>

The notes on pages 19 to 31 form part of these financial statements.

FREEMARKETFX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 OHS.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires 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 and have prepared financial projections and cashflow forecasts. The Group and Company have continued to increase trading revenues post year end and operating profitably. The conclusion of post year end fund raise provides the Group with further funds to support growth and expansion. Having reviewed their forecast and concluded their assessment, the Directors have a reasonable expectation that the Group and Company have 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 were unable to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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.

FREEMARKETFX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 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.

2.8 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.9 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
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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.

2.10 Investment in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 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.

2.12 Cash and cash equivalents

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

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

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 15 of the financial statements.

FREEMARKETFX LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

2. Accounting policies (continued)

2.13 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.

2.14 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.

2.15 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.

2.16 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 uncertainty have been identified by the Directors in preparing these financial statements.

FREEMARKETFX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

4. Turnover

Analysis of turnover by country of destination:

	2022 £	2021 £
United Kingdom	2,758,385	1,606,935
Rest of Europe	2,863,082	2,359,163
Rest of the world	12,835,587	5,367,864
	<u>18,457,054</u>	<u>9,333,962</u>

5. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2022 £	2021 £
Exchange differences	(31,553)	1,512
Other operating lease rentals	83,236	65,387
	<u>83,236</u>	<u>65,387</u>

6. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Company's auditor for the audit of the consolidated and parent Company's financial statements	62,270	39,870
Accounts preparation services	6,370	3,585
Tax compliance services	2,000	1,550
Payroll services	14,660	10,330
Other advisory services	750	10,900
	<u>750</u>	<u>10,900</u>

FREEMARKETFX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

7. Employees

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

	2022 £	2021 £
Wages and salaries	7,359,593	5,547,041
Social security costs	925,468	671,498
Pension costs	467,800	343,494
	<u>8,752,861</u>	<u>6,562,033</u>

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

	2022 No.	2021 No.
Employees	<u>60</u>	<u>45</u>

8. Directors' remuneration

	2022 £	2021 £
Directors' emoluments	541,659	621,415
Group contributions to defined contribution pension schemes	12,826	36,166
	<u>554,485</u>	<u>657,581</u>

The highest paid director received remuneration of £430,518 (2021 - £353,179).

9. Interest receivable

	2022 £	2021 £
Interest receivable	373,666	393
	<u>373,666</u>	<u>393</u>

FREEMARKETFX LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

10. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	31	22,853
	<u>31</u>	<u>22,853</u>

11. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - *lower than*) the standard rate of corporation tax in the UK of 19% (2021 - 19 %). The differences are explained below:

	2022 £	2021 £
Profit/(loss) on ordinary activities before tax	2,875,526	(1,916,999)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19 %)	546,350	(364,230)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	16,598	11,072
Other timing differences leading to an increase (decrease) in taxation	(6,602)	(834,391)
Unrelieved tax losses carried forward	34,098	531
Movement in deferred tax not recognised	(590,444)	3,476,630
Adjustments to tax charge in respect of prior periods - deferred tax	-	(2,289,612)
Total tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. The full anticipated effect of these changes is reflected in the above deferred tax balances.

FREEMARKETFX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Tangible fixed assets

Group and Company

	Office equipment £
Cost	
At 1 January 2022	147,213
Additions	114,579
Disposals	(35,321)
At 31 December 2022	<u>226,471</u>
Depreciation	
At 1 January 2022	80,745
Charge for the year on owned assets	54,216
Disposals	(31,785)
At 31 December 2022	<u>103,176</u>
Net book value	
At 31 December 2022	<u><u>123,295</u></u>
<i>At 31 December 2021</i>	<u><u>66,468</u></u>

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

13. Investment in subsidiaries

In the prior year, the Company incorporated a 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.

FREEMARKETFX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade debtors	35,313	70,777	35,313	70,777
Amounts owed by group undertakings	-	-	136,437	2,792
Other debtors	108,322	73,546	108,322	73,546
Prepayments and accrued income	209,043	160,008	209,043	160,008
	<u>352,678</u>	<u>304,331</u>	<u>489,115</u>	<u>307,123</u>

15. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	8,284,349	4,509,545	8,284,349	4,509,545
	<u>8,284,349</u>	<u>4,509,545</u>	<u>8,284,349</u>	<u>4,509,545</u>

Excluded from the cash at bank and in hand balance is an amount of £246,950,299 (2021: £142,714,686) held in segregated client bank accounts subject to safeguarding restrictions. As per the Group and Company's accounting policies, these funds are not deemed to have met the criteria for recognition on balance sheet.

16. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade creditors	444,253	315,422	444,253	315,422
Other taxation and social security	234,203	145,625	234,203	145,625
Other creditors	4,274	9,684	4,274	9,684
Accruals and deferred income	2,204,486	1,475,705	2,204,486	1,475,705
	<u>2,887,216</u>	<u>1,946,436</u>	<u>2,887,216</u>	<u>1,946,436</u>

FREEMARKETFX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

17. Share capital

	2022 £	2021 £
Authorised, allotted, called up and fully paid		
80,876 (2021 - 80,876) Ordinary shares of £0.10 each	<u>8,088</u>	<u>8,088</u>

18. 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 option reserve

The Group and Company have not presented a share option reserve. The fair value of the options granted which has been charged to profit or loss over the vesting period of the options. It is directly reflected in equity as a movement within the Group and Company's Profit and Loss Account.

FREEMARKETFX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

19. 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 2022		Weighted average exercise price (per share)	Number of share options/warrants outstanding at 31 December 2021		Weighted average exercise price (per share)
	£	Of which fully vested £		£	Of which fully vested £	
Share based payments						
Warrants	765	765	310.24	765	765	310
Share options	4,747	4,372	249.67	4,579	3,752	236
	<u>5,512</u>	<u>5,137</u>		<u>5,344</u>	<u>4,517</u>	<u>546</u>

20. 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 £467,800 (2021 - £343,494). Contributions totalling £nil (2021 - £nil) were payable to the fund at the balance sheet date.

FREEMARKETFX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

At 31 December 2022 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Group		
Not later than 1 year	100,833	69,300
Later than 1 year and not later than 5 years	100,833	-
	<u>201,666</u>	<u>69,300</u>

22. Related party transactions

FreemarketFx Ltd uses a related party to provide insurance services; This entity is related via common ownership. The insurance policies are provided on arms-length terms.

During the year the services provided by the related parties amounted to £120,863 (2021 - £121,297). At year end £ nil (2021: £ nil) were due to the related party.

In addition, fees were paid to two Non-Executive Directors totalling £60,000 in the year (2021 - £55,000).

Key Management Personnel

Key Management Personnel are those persons having authority and responsibility for planning, controlling and directing the activities of the company, being the directors and the heads of functions.

Remuneration paid to key management personnel totals £2,208,872 (2021 - £1,774,052).

23. Subsequent events

After the balance sheet date the Group and Company completed a fund raising process. In May 2023, Baird Capital undertook a strategic investment into Freemarket. Baird Capital's partnership approach, international capabilities, Financial Services sector expertise and cultural alignment made them a compelling partner for Freemarket and our clients. This investment will enable the Group to accelerate its growth plans and continue to access new international markets.