

FREEMARKETFX LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



FREEMARKETFX LIMITED

COMPANY INFORMATION

Directors

A Hunn
R Ricci
C Crosswell
S Woolham (appointed 3 April 2020)
G Whittaker (appointed 1 November 2020)

Company secretary

A Hunn

Registered number

07289573

Registered office

Gg107 Metal Box Factory
30 Great Guildford Street
London
SE1 0HS

Independent auditors

Nexia Smith & Williamson
Chartered Accountants & Statutory Auditors
25 Moorgate
London
EC2R 6AY

FREEMARKETFX LIMITED

CONTENTS

	Page
Chairman's Statement	1
Directors' Report	2 - 3
Independent Auditors' Report	4 - 7
Profit and Loss Account	8
Balance Sheet	9 - 10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 - 20

FREEMARKETFX LIMITED

**CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

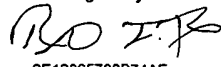
Despite operating for most of the year under COVID-19 restrictions, with the entire company working remotely, the company delivered record growth in 2020.

Revenues increased by over 460% from £690,000 to £3.9MM. Underlying gross margin increased from 38% to 69%, 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 86% of operating costs compared to 78% in 2019, and increased from £2.8MM to £5MM respectively. The company continued to increase headcount throughout the pandemic, which was in line with budget forecasts, and now employs 49 staff compared to 33 at the end of 2019.

The pre-tax loss decreased marginally from £3.4MM in 2019 to £3.2MM, 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 £3.5MM in net capital during the year and has since secured a further £2MM of net capital since December 2020. This investment continues to underpin shareholder support of the commercial strategy and provides sufficient working and regulatory capital for the business.

DocuSigned by:

2E12865780B74AE...

R Ricci
Chairman

Date: 9/28/2021

FREEMARKETFX LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the 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 of the profit or loss of the company for that period.

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

- select suitable accounting policies for the company's financial statements 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 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 (appointed 3 April 2020)
G Whittaker (appointed 1 November 2020)

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 director is aware, there is no relevant audit information of which the company's auditors are 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's auditors are 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.

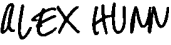
FREEMARKETFX LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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:

0B8262A8061046C...

A Hunn
Director

Date: 9/28/2021

FREEMARKETFX LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FREEMARKETFX LIMITED

Opinion

We have audited the financial statements of FreemarketFx Limited (the 'Company') for the year ended 31 December 2020 which comprise the Profit and Loss account, Balance Sheet, 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 Company's affairs as at 31 December 2020 and of its 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 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 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 AUDITORS' 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 Company and its 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- 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 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 company or to cease operations, or have no realistic alternative but to do so.

FREEMARKETFX LIMITED

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 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 company's industry and regulation.

We understand that the company complies 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 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 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 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.

FREEMARKETFX LIMITED

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

Other matter

The financial statements of FreemarketFx Limited for the year ended 31 December 2019 were unaudited.

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

25 Moorgate
London

EC2R 6AY

Date: 28/09/2021

FREEMARKETFX LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	£	£ <i>Restated Unaudited</i>
Turnover	3,942,037	688,923
Cost of sales	(1,286,546)	(427,098)
Gross profit	<u>2,655,491</u>	<u>261,825</u>
Administrative expenses	(5,725,346)	(3,619,140)
Share based payment charge	(74,932)	(105,857)
Operating loss	<u>(3,144,787)</u>	<u>(3,463,172)</u>
Interest receivable and similar income	1,703	1,112
Loss before tax	<u>(3,143,084)</u>	<u>(3,462,060)</u>
Loss for the financial year	<u><u>(3,143,084)</u></u>	<u><u>(3,462,060)</u></u>

There were no recognised gains and losses for 2020 or 2019 other than those included in the profit and loss account.

The notes on pages 12 to 20 form part of these financial statements.

FREEMARKETFX LIMITED
REGISTERED NUMBER: 07289573

BALANCE SHEET
AS AT 31 DECEMBER 2020

		2020	2020	2019	2019
		£	£	£	£
	Note			<i>Restated</i>	<i>Restated</i>
				<i>Unaudited</i>	<i>Unaudited</i>
Fixed assets					
Tangible assets	6		52,160		35,177
			<u>52,160</u>		<u>35,177</u>
Current assets					
Debtors		288,910		99,098	
Cash at bank and in hand		1,231,148		551,274	
		<u>1,520,058</u>		<u>650,372</u>	
Creditors: amounts falling due within one year	9	(771,325)		(364,360)	
Net current assets			748,733		286,012
Total assets less current liabilities			<u>800,893</u>		<u>321,189</u>
Net assets			<u>800,893</u>		<u>321,189</u>
Capital and reserves					
Called up share capital	10		6,798		5,498
Share premium account	11		13,692,917		10,146,361
Profit and loss account	11		(12,898,822)		(9,830,670)
			<u>800,893</u>		<u>321,189</u>

FREEMARKETFX LIMITED
REGISTERED NUMBER: 07289573

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2020

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 9/28/2021

DocuSigned by:

ALEX HUNN

0B8262A8061046C...

A Hunn
Director

The notes on pages 12 to 20 form part of these financial statements.

FREEMARKETFX LIMITED

**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 2019	4,630	7,605,819	(6,474,467)	1,135,982
Comprehensive income for the year				
Loss for the year (restated)	-	-	(3,462,060)	(3,462,060)
Shares issued during the year	868	2,540,542	-	2,541,410
Share based payment charge (restated)	-	-	105,857	105,857
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)
Shares issued during the year	1,300	3,546,556	-	3,547,856
Share based payment charge	-	-	74,932	74,932
At 31 December 2020	6,798	13,692,917	(12,898,822)	800,893

FREEMARKETFX LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****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 management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis.

The Directors have carefully reviewed the future prospects of the company, including its continued increase in revenues post year end and have considered the fact that the company is heading towards profitability. Further, the Directors have also considered the company's future cash flows, including the £2,000,000 funding secured post year end and the additional £1,000,000 available to draw down, as detailed in note 15 to the accounts. The Directors have also performed an assessment of the impact of the COVID-19 pandemic. Having made these assessments, the Directors have a reasonable expectation that the 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 company was unable to continue as a going concern.

FREEMARKETFX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)**2.3 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 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'.

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company 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 company 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 2020**

2. Accounting policies (continued)

2.5 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.

2.6 Borrowing costs

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

2.7 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company 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 company 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

FREEMARKETFX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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 range as follows:

Office equipment	- 33.33%
------------------	----------

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 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.

2.11 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 8 of the financial statements.

2.12 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.

2.13 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.

FREEMARKETFX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. Accounting policies (continued)

2.14 Financial instruments

The company 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 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 company 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.

2.15 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.

4. Restatement of prior year comparatives

The company restated its 2019 Profit and Loss for the year to reflect the impact of share based payments for share options and warrants which were issued to employees and strategic partners, which resulted in a £105,857 Share Based Payments charge and corresponding increase in the Profit and Loss account (equity). See note 11 for details.

5. Employees

The average monthly number of employees, including directors, during the year was 36 (2019 - 19).

FREEMARKETFX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6. Tangible fixed assets

	Office equipment £
Cost or valuation	
At 1 January 2020	60,200
Additions	41,045
	<hr/>
At 31 December 2020	101,245
	<hr/>
Depreciation	
At 1 January 2020	25,023
Charge for the year on owned assets	24,062
	<hr/>
At 31 December 2020	49,085
	<hr/>
Net book value	
At 31 December 2020	52,160
	<hr/> <hr/>
<i>At 31 December 2019</i>	35,177
	<hr/> <hr/>

FREEMARKETFX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Debtors

	2020	2019
	£	£
Trade debtors	41,551	-
Other debtors	183,841	30,109
Prepayments and accrued income	63,518	68,989
	<u>288,910</u>	<u>99,098</u>

8. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	1,231,148	551,274
Less: bank overdrafts	(2,330)	-
	<u>1,228,818</u>	<u>551,274</u>

Excluded from the cash at bank and in hand balance is an amount of £49,610,118 (2019: £11,893,982) 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.

9. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Bank overdrafts	2,330	-
Trade creditors	157,772	108,802
Other taxation and social security	118,313	97,333
Other creditors	9,298	23,516
Accruals and deferred income	483,612	134,709
	<u>771,325</u>	<u>364,360</u>

10. Share capital

	2020	2019
	£	£
Authorised, allotted, called up and fully paid		
67,984 (2019 - 54,979) Ordinary shares of £0.10 each	<u>6,798</u>	<u>5,498</u>

FREEMARKETFX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

10. Share capital (continued)

During the year, the company issued 13,005 ordinary shares of £0.10. 11,505 were issued at a price of £310.24 and the remainder 1,500 were issued at £70. The shares were fully paid at the year end.

11. 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 2020 £		Weighted average exercise price (per share) £	Number of share options/ warrants outstanding at 31 December 2019 £		Weighted average exercise price (per share) £
		Of which fully vested £			Of which fully vested £	
Share based payments						
Warrants	765	765	310.24	540	540	310.24
Share options	3,790	3,131	220.65	4,612	4,034	158.48

FREEMARKETFX LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

12. 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 £239,603 (2019 - £123,776). Contributions totalling £nil (2019 - £19,528) were payable to the fund at the balance sheet date.

13. Commitments under operating leases

At 31 December 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	62,300	95,741
Later than 1 year and not later than 5 years	69,300	24,224
	131,600	119,965

14. Related party transactions

During the year, the Company issued 8,059 Ordinary Shares for a total consideration of £2,500,224 to a company with significant influence (2019: 920 Ordinary Shares for a total consideration of £285,421).

Directors' remuneration in the year, including national insurance and pension contributions, amounted to £388,944 (2020: £246,054).

15. Post balance sheet events

In February 2021, the Company drew down £2,000,000 against a £3,000,000 convertible loan facility and immediately converted £800,000 to Ordinary A share capital. In April 2021, a further £700,000 was converted into Ordinary A share capital. In June 2021, the final £500,000 was converted into Ordinary A share capital.