Full year results for period ending 31 March 2021

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Argentex Group PLC

("Argentex" or the "Group")

Full year results for the period ending 31 March 2021

A resilient performance in highly challenging markets, with record second-half client activity supporting positive long-term growth trajectory

Argentex Group PLC (AIM: AGFX), the provider of foreign exchange services to institutions, corporates and high net worth private individuals, is pleased to announce its full year results for the year ended 31 March 2021.

Financial Highlights

- Foreign exchange ("FX") turnover of £12.75bn, up 5% (2020: £12.1bn)
- Group revenue stable at £28.1m (2020: £28.9m), including £7.4m from new clients
- Underlying operating profit of £8.7m (2020: £12.5m)
- Earnings per share (EPS) 5.2p (basic) and 5.9p (underlying) (2020: 7.1p basic and 8.8p underlying)
- Final dividend of 2p per share to be paid (2020: 2p per share)

Operational Highlights

- Accelerated client acquisition and record H2 client activity:
    - 499 new corporate clients traded during the year
    - Record 1,385 corporates actively traded in 2021, up 14% on 2020
    - Client trading volumes recovered to record levels in H2 after improved market confidence
    - H2 revenues (£16.4m) up 39% versus H1(£11.7m)

- Sales team growth driving diversified revenue streams:
    - Total of 21 new hires over the year; 12 new sales team members
    - Higher quality and more diversified client base, with top 20 clients now representing 41% of Group revenue

- Consistent business mix maintained:
    - In line with historic trend, over 80% of the Group's portfolio comprised trades in sterling, euro and US dollar
    - Continued even revenue split between spot and forward trades
    - FX Options book continued to generate material revenues

- Business model resilience:
    - Unchanged prudent and conservative risk management approach maintaining high-quality cash flow, sustainable business growth and immaterial levels of bad debt
    - Group has safely transitioned employees back to new headquarters in London after successfully adopting remote working

Well positioned for continued growth

- Amsterdam office began to generate revenue in first year of operation
- Australian licence application underway with the intention of opening in Sydney in FY22
- Continued to attract industry leading expertise, with specific focus on sales team breadth
- New CFO, Jo Stent, joined in February 2021
- New London headquarters provides substantial capacity for further growth

Harry Adams, Chief Executive Officer, stated:

"Despite an extraordinary market backdrop and a reporting period characterised by three national lockdowns, I am proud that the business has continued to perform and our team has provided vital confidence to our clients during a time when it has been needed most. Covid-19 undoubtedly introduced new operational challenges, but our historic investment in systems, technology and prudent approach to risk management has ensured our business model continues to deliver.

"Like any trading business, Argentex wasn't immune to the dip in market confidence during H1, but we have responded strongly by reporting a 5% improvement in year on year turnover, driven by growing client demand and record levels of activity in the second half. I am pleased that our first quarter of the current financial year has continued this trend and our revenues are approximately 34% per cent ahead of the same quarter last year. It's this momentum, combined with the exceptional talent within the business, that provides renewed confidence in our long-term strategy."

Lord Digby Jones, Non-Executive Chairman, said:

"The last financial year has been one of resilience for Argentex. I am proud that the significant threat to all businesses posed by Covid-19 was met by our firm by its long-term vision, strong culture, robust risk management and an unrivalled understanding of foreign exchange markets. Growth over the long-term has always been the Group's priority and as volumes return to the market, I am confident in the platform Argentex has built to meet this increasing demand.

"In line with the Group's distribution policy, I'm pleased to declare a dividend of 2p per share, underlining our confidence in our future prospects."

For further information please contact:

Argentex Group PLC

Harry Adams - CEO

Jo Stent - CFO

(Via FTI Consulting)

FTI Consulting (Financial PR)

Ed Berry, Shiv Talwar, Ambrose Fullalove

Telephone: 0203 727 1046

argentex@fticonsulting.com

Numis Securities Limited (Nominated Adviser and Broker)

Stephen Westgate, Charlie Farquhar, Laura White, Hugo Rubinstein
Telephone: +44 (0) 20 7260 1000

Analyst briefing

A meeting for analysts will be held virtually at 9.30am today, 1st July 2020. Analysts wishing to attend this event can register via email at argentex@fticonsulting.com. Argentex's Full Year results announcement will also be available today on the Group's website at www.argentex.com.

Chairman statement

The last year has tested Argentex, just as it has every business in the world, in ways it was impossible to foresee.

I am proud to be the Chairman of a Group whose true resilience and quality - of its business model, its client offering and its employees - have shone through to the benefit of all its stakeholders.

Since early in 2020 the world has faced its most severe economic challenge since the Second World War. Argentex had to act swiftly to meet this challenge and to overhaul everything that was previously part of "business as usual".

It has been a privilege to work as a member of a special team, from Carl, Harry and the Board of Directors through to every person at the Company during this supremely challenging time. I would like to thank every single one of them for their wholehearted commitment to protecting employee wellbeing and company operations during this period.

The continued successful delivery of the Argentex business model is testament to the strength of the Business's inner core: a long-term vision, strong culture, robust risk management and an unrivalled understanding of foreign exchange markets, with our clients and their increasingly complex needs front and centre. Our unswerving focus on quality in all we do underpins that resilience. We highlighted that at the time of the IPO in Summer of 2019 and often against the odds, there has been not one sign of compromise since, be it in talent, technology, or our client base.

Now that the world appears to be getting slowly back on its feet we can build on our maintained momentum.

We can use our responses to everything the last year threw at us as a springboard for our next phase of growth, staying true to our long-term vision.

Market backdrop

Global foreign exchange markets have been at the forefront of the commercial world's response to the 2020 economic meltdown. While uncertainties surrounding the US Election, ongoing fallout from Brexit and unpredictable future trading relationships between large economies were forecast, the pandemic caused an unprecedented severe dislocation and readjustment of international capital flows.

An initial and clear impact was soaring volatility in FX markets, with rising unemployment, bleak GDP forecasts and a consequent and subsequent de-risking approach resulting in a migration to safe-haven currencies such as the US dollar. Understandably, such uncertainty eventually translated into trading hesitancy and many market participants temporarily delayed their FX trades until the wider backdrop improved and there was safer predictability in execution outcome. Whilst client trading patterns undoubtedly changed in line with this dynamic, Argentex's expert teams have continued to analyse market trends and they have ensured each individual client received bespoke solutions adapted to a rapidly changing environment as trading volumes rebounded healthily.

The team has faced the challenges that were present in so many businesses. The safety and wellbeing of our employees has been our absolute priority throughout the reporting period which experienced three national lockdowns. It was reassuring to see how quickly and efficiently the Business implemented working-from-home policies, developed COVID-compliant protocols for essential office attendance and assisted employees in coping in these tremendously difficult times whilst always preserving "business as usual" for our clients.

Key achievements

Our resilient financial performance has been supported by our move to new, larger and more efficient premises with facilities that respect both the workplace and lifestyle of our employees. Its capacity futureproofs our business as our graduate recruitment programme constantly grows in delivering new recruits.

Meanwhile, our plans for international growth have not abated and we have made as much progress as has been allowed due to national COVID restrictions in accessing EU and Australian markets via Amsterdam and Sydney. Both jurisdictions offer Argentex highly regulated markets where there is latent client demand for our products and type of service. Our Amsterdam footprint also provides Argentex with an ability to operate cross-border within the EU.

We were delighted that Jo Stent joined us as Chief Financial Officer in February. The calibre of such a hire is testament of our ability to attract highly credible, deeply experienced senior talent to help support and build on our growth story. She brings a different lens through which to view the Business as it grows, given her expertise at Telus Communications, Deloitte and most recently at the European Tour and the Ryder Cup; I look forward to watching her assist in unlocking the significant potential value available to Argentex shareholders.

We have always said, and made a reality of the fact, that people are our biggest asset. Nurturing our staff has always been taken extremely seriously. Our training programmes for sales teams, the trading floor and operational managers have been unaffected by the changed working environment that was forced upon us. We never stopped investing in our people throughout a unique difficult period for the country and all its businesses, large and small.

It would be remiss not to mention Carl Jani's resignation as co-CEO in June 2021, after the year end. I would like to thank Carl for his invaluable contribution to Argentex. The Business will go from strength to strength as the management team continues to deliver long-term value for clients, employees & shareholders alike.

Outlook

Confidence is everything in an economy and there is much to be optimistic about as we all approach "a new normal". The key markets in which Argentex operates are on the right path for a sustainable recovery and trading volumes are encouraging.

What matters now is a resumption of growth on a platform that has proven its resilience and maintenance of quality in all aspects of our business in the most challenging of years. Our robust financial position, strengthened team and new premises all stand your Company in good stead to capitalise on the post-pandemic national and global recovery. We shall be relentless in driving market leading outcomes for our clients and value for our shareholders.

Thank you to our shareholders and employees alike for your continued support. But to you all, and above all, thank you for giving me the privilege of being your Chairman.

Lord Digby Jones Kb.

Non-Executive Chairman

CEO statement

Overview

Against that extraordinary landscape, we are proud of how well the Business has continued to perform. The resilience and stability of our business model is testament to the prudent risk management at the core of our operations, our balance sheet strength and the growing high-quality client book on which the Business has been established.

A short-term dip in market confidence had a noticeable impact on client volumes through the first half of the financial year. However, the skill and commitment of our employees in addition to our clients' ongoing trust contributed to the Group delivering the best six months of client activity on record during the period. As confidence resumed and clients returned to the market, Argentex was a partner of choice for those prizing consistent and high-quality outcomes against a testing and volatile backdrop.

A record number of clients chose to trade with us as the market rebounded in Q3 of the financial year. Our growing reputation and momentum since the IPO resulted in the continued acceleration of new client acquisition; 665 new corporate clients signed up during the period.

We are pleased that despite clear challenges, total FX turnover increased to over £12.75bn, generating annual revenue of £28.1m. 1,385 corporates traded, 499 having never traded before, generating £7.4m in 'new' revenue, in line with historical ratios. We are proud to report an underlying operating profit of £8.7m and to confirm a final dividend of 2p per share.

A key differentiator from our peers continues to be our prudent and conservative approach to risk management. The long-term growth strategy we have followed, and doubled down on at IPO, contributed to our success in weathering a period of extreme market uncertainty.

Argentex remains committed to prioritising high-quality cash flow and clients whilst ensuring sustainable business growth, as evidenced by continuing immaterial levels of bad debt through the period.

We are very proud that despite the clear challenges of the remote working environment, the spirit, collegiality and resilience of our team allowed us to continue providing excellent outcomes for our clients.

The Business is well positioned to benefit from future growth trends in the sector. To reinforce this trajectory, we continue to invest in our people and over the last year have made several strategic hires, most notably of Jo Stent as Chief Financial Officer.

Market backdrop

As our Chairman Lord Digby Jones discussed earlier, COVID-19 prompted a fundamental shift in international capital flows during the last financial year. High volatility combined with macro-economic concerns resulted in uncertainty and hesitancy. Despite this, the on-going vaccine roll out and gradual return to normality for many developed countries has led to an unwinding of investor uncertainty, with FX flows returning to expected levels as pent-up demand is unleashed.

Investing for the future

Argentex is well placed to continue its long-term growth trajectory whilst capitalising on sector tailwinds and reaping the benefits as market activity recovers.

Throughout the period many of our employees worked from home. Our purpose-built IT infrastructure was instrumental in the seamless move to remote working, supporting our ability to continuously serve our clients whilst maintaining the highest standards of service, compliance and governance from sales, through to order placement, trade execution, settlement, reconciliations and reporting.

The safety and wellbeing of our employees is paramount and feedback suggests that there is a desire for people to return to the office. In accordance with government policy Argentex has effectively transitioned employees back to our new headquarters in London.

We have invested significant time and effort in the design and renovation of our new premises with a focus on an environmentally sustainable working environment that gives us plenty of room to upscale resources in line with demand and over an appropriate period.

We have hired 21 new employees, significantly 12 of these new hires have joined our top quality, highly motivated sales team. Our concerted sales push is reflected in the diversification of our client base - our top 20 clients contributed just over £11m, representing 41% of total revenue.

In September we will continue our graduate programme, attracting a diverse and driven talent base to future-proof our proposition.

This process provides a healthy opportunity to scrutinise Argentex's business ethos and values whilst remaining true to our own beginnings - entrepreneurial and professional.

Taking advantage of growth opportunities

As set out at IPO, we have continued to pursue and grow our international presence, focussing on highly regulated international markets where the client appetite for our product base exists. We opened an office in Amsterdam in March 2020 which has now begun to generate revenue, despite the challenging context in which it opened. The process of obtaining an Australian licence with the intention of opening in Sydney continues and we look forward to providing further updates in due course.

Argentex remains committed to aligning our product suite with our client needs. We scrupulously only promote products which fit within our strict risk profile and ones that are appropriate for our clients and their own risk parameters.

Outlook

As businesses and society begin to recover from the pandemic, we will face a new macro-economic environment of growth and recovery.

Our industry will continue to develop and evolve to changing client needs and Argentex is very well positioned to manage the short-term challenges that may lie ahead. We face the future with confidence and the outlook for the Business is positive. We have invested steadily in our teams' technology and processes and are well poised for sustainable growth in accordance with our strategy.

Uncertainty around the impact of COVID-19 has not affected the business model, which does not take house positions. As our clients look to navigate the coming months, they will look to us to provide expert advice and certainty on how to hedge their FX risk.

As communicated on 11th June 2021, my co-founder, Carl Jani, resigned. Carl had overseen the Group's growth story with me from the beginning, culminating in the successful IPO

in 2019. Going forward, I will take sole responsibility of an established management team which has the depth of experience needed to fulfil the Group's growth potential and I am confident we will continue to deliver long-term value for employees, clients and shareholders alike.

Despite the macroeconomic and geopolitical challenges that appear to have become a constant backdrop over the recent years, we have started the new financial year with good momentum in terms of both revenue performance and client quality. The Group remains resilient and agile.

With its continued commitment to a quality and diverse client base, robust business model and an uncompromising approach to compliance, we are confident about the forthcoming 12 months.

Harry Adams

Chief Executive Officer

Financial review

In the most challenging of recent times, Argentex's long-term focused, sustainable business model underpinned its ability to withstand heightened levels of uncertainly and volatility in the marketplace to deliver revenues consistent with the prior year. At the same time the Group maintained its relentless focus on its growth ambitions as laid out at its IPO in the previous financial year.

Argentex has demonstrated resilience in FY21 and management has continued to display a robust approach to risk, a rigorous client acceptance process and deep experience in the dealing team. These key attributes coupled with high touch customer service give Argentex an unrivalled, high quality, low risk offering in the marketplace.

Revenues remained stable in FY21 compared to the prior year, which up until FY20 represented year-over-year compound growth rates of 30%. We saw a return to growth in H2 of FY21, with revenues in the last six months of the year up 39% compared to the first six months of the year. The number of corporate clients traded in the year increased 14% to 1,385, with 27% of revenue representing new business. In total, 665 new corporate clients were signed up in FY21, representing an uplift of 40% on the previous year.

Argentex remains firmly committed to its growth ambitions and a strong balance sheet coupled with a low appetite for risk afforded the Group the ability to continue with its operational investment program. In FY21 included the move to new modern premises with capacity for the planned increase in headcount across all departments and a non-contracted option to extend its footprint in the near future. The program also included continued investment in the Group's bespoke curated technology platform which supports the high touch customer service at the heart of the Group's ethos. This has led to a planned short-term decrease in operating margins, with underlying operating profit for FY21 of £8.7m. The increased capacity offered by the new premises will allow the Business to grow with the addition of new hires across all departments including sales. In terms of the corresponding revenue generation associated with investments made in FY21, on average new sales staff hired begin to deliver meaningful contributions to revenue in years 3 and 4 of tenure therefore this, in addition to the existing sales team increasing their contributions to revenue in line with tenure, supports the Group's growth plans moving forward.

Financial performance

Argentex delivered a resilient performance in FY21, with revenues consistent with prior year at £28.1m (2020: £28.9m). Performance in H1 was significantly impacted by the onset of the pandemic as trading was put on hold for many of our clients as they adjusted to a dramatically different set of circumstances.

In H2 however, Argentex saw a return to growth in revenues and experienced a record trading quarter between October and December 2020.

The total number of corporate clients traded in FY21 was 1,385, representing an increase of 14% on the prior year. 499 of these represent new customers, in turn demonstrating strong customer acquisition. Revenues per customer for the full year were impacted by reduced trading activity in H1.

Underlying earnings (note 14 in the financial statements) of £6.7m in FY21 represents a decrease of £3.3m compared to prior year. In spite of challenging economic and trading headwinds in FY21, the Group, in benefiting from a strong balance sheet, has continued with operational investment in growth. As indicated in the FY20 annual report, FY21 saw the move to new premises with capacity for planned increases in headcount across all departments which combined represents £2.4m or 73% of the £3.3m decrease, of which £1.1m is related to IFRS 16 accounting charges. In addition, we continued to invest in technology in support of our tailored service-led customer-focused offering which, in line with our accounting policy, is capitalised on our balance sheet as an intangible asset and amortised over a three year period. The increase in investment in technology has led to an increased amortisation charge of £0.3m year-on-year. Other anticipated increases in operating cost in the year are as a result of items relating to the running of a listed business such as broker fees and other additional governance and reporting-related services.

Underlying earnings of £6.7m takes into account normalisation for non-recurring items of £0.7m which, as per note 9 of the financial statements, represent set up costs in the Netherlands, overlap costs relating to the office move and senior management changes.

After taking into account non-recurring items and the revised cost base for Argentex, the Group has accumulated retained earnings of £11.2m which can be used to assess the value of the proposed final divided relating to this financial year.

Financial position

Argentex views its ability to generate cash from its trading portfolio as a key indicator of performance within an agreed risk appetite framework. As at 31 March 2021, Argentex has cash and cash equivalents of £38.4m, a decrease of £10.8m on prior year. Total cash and cash equivalents include client balances pertaining to collection of any collateral and variation margin in addition to routine operating cash balances. Of the £10.8m decrease in cash, £3.9m corresponds to our investment in new premises and continued investment in technology in support of growth plans. A further £2.3m was returned to shareholders in line with our dividend policy. The remaining £4.6m relates to movements in client balances held.

Cash generation from the Group's revenues is a function of i) the composition of revenues (spot, forward and option revenues) and ii) the average duration of the FX forwards in the portfolio. To date, Argentex has generated revenues in a ratio of approximately 50:50 between spot and forward contracts outside of options revenues.

While spot FX contracts attract a smaller revenue spread, the inherent risk profile is much reduced and cash is generated almost immediately. As such, having this proportion of revenues generated by spot trades with a minimal working capital cycle creates a strong positive immediate cash flow for the Business compared to its operating cost base.

Argentex continues to enjoy a high percentage of trades converting to cash within a short time frame, which is a result of almost 50% on average of trades being spot contracts in addition to forward contracts carrying a relatively short tenor on average. Although FX forward contracts carry a higher inherent risk than spot contracts, the average tenor of a forward contract at Argentex continues to be less than 5 months. As a result of the blend between spot FX contracts and the average tenor of FX forward contracts, Argentex is a highly cash generative business with much of the portfolio generating cash in less than 5 months on average. When combined with the cash flow profile of the spot FX contracts, Argentex measures short-term cash return as follows:

	2021	2020
	£m	£m
Revenues for the last 12 months (A)	**28.1**	**28.9**
Less		
Revenues settling beyond 3 months	**(6.8)**	**(7.5)**
Net short-term cash generation (B)	**21.3**	**21.4**
Short-term cash return (B/A)	76%	74%

Portfolio composition

Argentex's client base continues to grow with an additional 665 new corporate clients signed up in 2021. Even when taking growth into account however the composition of our client portfolio remains consistent year-over-year in that it consists of similar businesses with exposures in the major currencies of sterling, euro and US dollar. At year end, over 80% if the Group's portfolio was comprised of trades in those currencies and hence the Group's exposure to exotic currencies or currencies with higher volatility and less liquidity remains significantly limited.

Argentex has put in place a low risk approach to managing collateral requirements with institutional counterparties to mitigate significant volatility risk which, when coupled with a selective and robust client acceptance process, has ensured that Argentex continues to avoid any material issues over settlement. In addition, as a result of a conservative approach to risk, Argentex continues to enjoy immaterial occurrence of bad debt.

Dividend

The Board of Directors is recommending a final dividend for year ended 31 March 2021 of 2p per share. Subject to approval at the Annual General Meeting to be held at 2:30pm on the 4 August 2021, the payment will be made on 13 September 2021 to shareholders on the register at 13 August 2021.

Jo Stent

Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS and other comprehensive income for the year ended 31 March 2021

The Group moved to reporting in £m in FY21. In FY20, total revenue was reported as £28,986,444 in the financial statements.

	Notes	2021	2020
		£m	£m
Revenue	6	28.1	29.0*
Cost of sales		(0.5)	(0.4)
Gross profit		27.6	28.6
Administrative expenses		(18.9)	(16.1)
Underlying operating profit	3.12.	**8.7**	**12.5**
LLP equity-based remuneration pre-IPO		-	(1.7)
Non-underlying expenditure	9	(0.7)	(0.5)
Share based payments	24	(0.2)	-
Operating profit	7	7.8	10.3
Finance costs	12	(0.4)	(0.2)
Finance income	12	-	0.1
Profit before taxation		7.4	10.2
Taxation	13	(1.5)	(2.1)

Profit for the year		5.9	8.1
Other comprehensive income		-	-
Profit for the year and total comprehensive income		5.9	8.1
Earnings per share			
Basic	14	5.2p	7.1p
Diluted	14	5.2p	7.1p
Underlying - Basic	14	5.9p	8.8p
Underlying - Diluted	14	5.9p	8.8p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 March 2021

	Notes	**2021**	**2020**
		£m	**£m**
Non-current assets			
Intangible assets	15	1.7	1.8
Property, plant and equipment	16	9.1	0.2
Derivative financial assets	17	4.2	7.2
Total non-current assets		15.0	9.2
Current assets			
Trade and other receivables	17	0.6	0.3
Cash and cash equivalents	18	38.4	49.2
Derivative financial assets	17	21.0	17.6
Total current assets		60.0	67.1
Current liabilities			
Trade and other payables	19	(28.5)	(36.5)
Derivative financial liabilities	19	(9.3)	(10.9)
Total current liabilities		(37.8)	(47.4)
Net current assets		22.2	19.7

Non-current liabilities			
Trade and other payables	20	(5.9)	-
Derivative financial liabilities	20	(2.6)	(4.0)
Total non-current liabilities		(8.5)	(4.0)
Net assets		28.7	24.9
Equity			
Share capital	22	0.1	0.1
Share premium account	23	12.7	12.7
Share option reserve	24	0.2	-
Merger reserve	23	4.5	4.5
Retained earnings		11.2	7.6
Total Equity		28.7	24.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period ended 31 March 2021

	Share capital	**Share premium**	**LLP equity capital**	**Share option reserve**	**Merger reserve**	**Retained earnings**	**Total equity**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Balance at 1 April 2019	**-**		**3.1**	**-**	**-**	**-**	**3.1**
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	8.1	**8.1**
Total comprehensive income for the year	-	-	-	-	-	8.1	**8.1**
Transactions with owners:							
• Dividends paid under former ownership structure	-	-	-	-	-	(0.5)	**(0.5)**
• Merger reserve	-		(3.1)	-	4.5	-	**1.4**

arising on reorganisation							
• Issue of share capital	0.1	14.0	-	-	-	-	**14.1**
• Cost of issue of equity shares	-	(1.3)	-	-	-	-	**(1.3)**
•							
Balance at 31 March 2020	**0.1**	**12.7**	**-**	**-**	**4.5**	**7.6**	**24.9**
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	5.9	**5.9**
Total comprehensive income for the year	-	-	-	-	-	5.9	**5.9**
Transactions with owners:							
• Dividends paid	-	-	-	-	-	(2.3)	**(2.3)**
• Share based payments	-	-	-	0.2	-	-	**0.2**
Balance at 31 March 2021	**0.1**	**12.7**	**-**	**0.2**	**4.5**	**11.2**	**28.7**

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 March 2021

	Notes	2021 £m	2020 £m
Profit before taxation		7.4	10.2
Taxation paid		(2.1)	-
Net finance expense		0.4	-
Depreciation of property, plant and equipment		0.2	0.1
Depreciation of right of use assets		0.8	0.2
Amortisation of intangible assets		1.3	1.0
Share based payment expense		0.2	-
(Increase)/decrease in receivables		(0.3)	0.1
(Decrease)/increase in payables		(8.6)	16.9
Increase in derivative financial assets		(0.4)	(12.7)

	Note		
(Decrease)/increase in derivative financial liabilities		(3.0)	11.2
Net cash (used in)/generated from operating activities		(4.1)	27.0
Investing activities			
Purchase of intangible assets	15	(1.2)	(1.1)
Purchases of plant and equipment	16	(2.7)	(0.1)
Share acquisition costs		-	(0.1)
Net cash used in investing activities		(3.9)	(1.3)
Financing activities			
Payments made in relation to lease liabilities	21	(0.5)	(0.4)
Proceeds from issue of shares		-	14.1
Short term loans	25	-	(2.0)
Share issuance costs		-	(1.3)
Dividends paid	11	(2.3)	(0.5)
Net cash (used in)/generated from financing activities		(2.8)	9.9
Net (decrease)/increase in cash and cash equivalents		(10.8)	35.6
Cash and cash equivalents at the beginning of the year		49.2	13.6
Cash and cash equivalents at the end of the year	18	38.4	49.2

1 General information

Argentex Group PLC ("the Company") is a public limited company, limited by shares, incorporated and domiciled in England and Wales. The address of the registered office is 25 Argyll Street, London, W1F 7TU.

On 25 June 2019, the Company listed its shares on AIM, the London Stock Exchange's market for small and medium size growth companies ("the IPO").

The Company is the ultimate parent company into which the results of all subsidiaries are consolidated. The Consolidated Financial Statements for the years ended 31 March 2021 and 31 March 2020 comprise the financial statements of the Company and its subsidiaries (together, "the Group").

The Consolidated Financial Statements are presented in Pounds Sterling (£), which is the currency of the primary economic environment in which the Group operates.

The financial information set out above does not constitute the company's statutory accounts for 2021 or 2020. Statutory accounts for the years ended 31 March 2021 and 31 March 2020 have been reported on by the Independent Auditor. The Independent Auditor's Report on the Annual Report and Financial Statements for 2021 and 2020 was unqualified, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The statutory accounts for the year ended 31 March 2021 will be delivered to the Registrar of Companies in due course.

2 Adoption of new and revised standards

The Company has adopted the following amendments to standards which became effective for the annual reporting period beginning on 1 April 2020. The amendments do not have a significant impact on the Group's financial statements.

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3: Definition of a Business
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

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

3 Significant accounting policies

The principal accounting policies are summarised below.

3.1 Basis of preparation

The Consolidated Financial Statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006..

The principal accounting policies adopted in the preparation of the Consolidated Financial Statements are set out below. The policies have been consistently applied to all of the years presented, unless otherwise stated.

The Consolidated Financial Statements have been prepared under the historical cost convention, modified by the measurement at fair value of certain financial assets and liabilities and derivative financial instruments as stated in note 3.6.

3.2 Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the approval date of these Consolidated Financial Statements. The Group's principal trading subsidiary, Argentex LLP, has been profitable since inception in 2011, the Group has no external debt, and the LLP continues to generate sufficient cash to support the activities of the Group. Budgets and cash flow forecasts are prepared to cover a variety of scenarios and are subsequently reviewed by the Directors to ensure they support the Group's continuing ability to operate as a going concern.

Sensitivity analysis has been performed in respect of specific scenarios which could negatively impact the future performance of the Group, including lower levels of revenue, compression in profitability margins, extensions to the Group's working capital cycle, and significant increases in volatility requiring further collateral to be placed with the Group's institutional counterparties.

In addition, the Directors have also considered mitigating actions such as lower capital expenditure and other short-term cash management activities within their control (see note 26.3 for further disclosures relating to liquidity risk).

The Group has developed a set of financial measures designed to flexibly mitigate the expected near term operational and financial and longer term economic impact of the COVID-19 pandemic on the Group.

The Board of Directors is confident that in context of the Group's financial requirements these measures give sufficient flexibility and liquidity to the Group to ensure that the Group can withstand significant shocks, whilst remaining as a going concern for the next twelve months from the date of approval of the Directors' report and financial statements.

For these reasons, the Directors adopt the going concern basis of accounting in preparing these financial statements.

3.3 Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) prepared to 31 March each year. Control is achieved where the Company is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration the existence and effect of potential voting rights that currently are exercisable or convertible.

The Consolidated Financial Statements comprise the Company and the results, cash flows and changes in equity of the following subsidiary undertakings:

Name of undertaking	Nature of business	Country of incorporation
Argentex LLP	Foreign exchange broking	England
Argentex Capital Limited	Holding company	England
Argentex Foreign Exchange Limited	Holding Company	England
Argentex B.V.	Inactive pending regulatory authorisation	Netherlands

All subsidiary undertakings are owned 100% either directly or indirectly.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions and balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements.

3.4 Accounting for merger on formation of the Group

In June 2019, immediately prior to the Company's admission to AIM, Argentex Group PLC acquired all equity interests in Argentex LLP. This was effected through the acquisition of equity interests by a newly formed subsidiary, Argentex Capital Limited, and the acquisition of Pacific Foreign Exchange Limited (now Argentex Foreign Exchange Limited). Argentex LLP, Argentex Capital Limited and Argentex Foreign Exchange Limited are 100% owned (either directly or indirectly) subsidiaries of Argentex Group PLC and consolidated into these financial statements.

In applying merger accounting when preparing these Consolidated Financial Statements, to the extent the carrying value of the assets and liabilities acquired under merger accounting is different to the cost of investment, the difference is recorded in equity within the merger reserve.

3.5 Revenue recognition

Revenue represents the difference between the cost and selling price of currency and is recognised after receiving the client's authorisation to undertake a foreign exchange transaction for immediate or forward delivery. Derivative assets and liabilities are initially measured at fair value at the date the derivative contract is entered into and are subsequently remeasured to fair value at each financial period end date. The resulting gain or loss is recognised within revenue immediately.

The difference between the costs and selling price of currency is recognised as revenue as this reflects the consideration to which the Group expects to be entitled in exchange for those services.

In relation to currency options, the Group recognises the net option premium receivable as revenue on the date that the option is executed. (See note 6).

3.6 Financial instruments

The Group operates as a riskless principal deliverable foreign exchange broker therefore financial instruments are significant to its financial position and performance.

3.6.1 Initial recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3.6.2 Derivative financial instruments

Forward foreign exchange contracts and foreign exchange options are classified as financial assets and liabilities at FVTPL. Derivative assets and liabilities are initially measured at fair value at the date the derivative contract is entered into and are subsequently remeasured to fair value at each financial period end date. The resulting gain or loss is recognised within revenue immediately. The Group does not apply hedge accounting.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability. When there is a legally enforceable right to offset the recognised amounts and an intention to settle the amounts on a net basis (or realise the asset and settle the liability immediately), financial assets and liabilities are offset. The net amount only is then reported in the Consolidated Statement of Financial Position.

The fair value of forward currency contracts is based on their observable bid and offer prices in the foreign exchange marketplace requiring no significant adjustment.

3.6.3 Foreign exchange gains and losses on derivative financial asset and liabilities

Assets and liabilities are measured at their fair value based on the transaction price agreed with the customer or counterparty and their observable fair value in the foreign exchange market, and any assets or liabilities in a foreign currency are revalued at the balance sheet date. Management consider the potential impact of exchange rate movements on positions held to be immaterial as substantially all of the Group's positions are fully hedged with a number of counterparty banks.

3.6.4 Derecognition of derivative financial asset and liabilities

The Group derecognises derivative financial assets and liabilities when they reach maturity and the contractual cashflows are exchanged between the client and the Group or the Group and the institutional counterparty. At this point, the assets and liabilities have expired and the obligations of the Group, the client and the institutional counterparty have been discharged.

3.6.5 Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability or debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial asset or liability.

The Group has not purchased or originated any credit-impaired financial assets.

3.6.6 Classification of financial assets

Recognised financial assets within the scope of IFRS 9 are required to be classified as subsequently measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) on the basis of both the Group's business model and the contractual cash flow characteristics of the financial assets.

3.6.7 Financial assets at FVTPL

Forward foreign exchange contracts and foreign exchange options are measured at FVTPL (see note 26).

Other financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL (see note 27).

Fair value is determined in the manner described in note 27.

3.6.8 Other financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3.6.9 Impairment of financial assets

The Group recognises impairment on an Expected Credit Loss (ECL) basis, using historical and forward-looking information. The only financial assets at amortised cost that this applies to are Other Debtors.

3.6.10 Derecognition of other financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.6.11 Classification of financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

3.6.12 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL. Derivative financial liabilities are automatically held at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

Fair value is determined in the manner described in note 27.

3.6.13 Other Financial liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

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

3.6.14 Derecognition of other financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.7 Cash and cash equivalents

For the purpose of presentation in the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand or deposits held at call with financial institutions.

3.8 Leases

At inception of a contract the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of the identified asset the Group considers whether:

1. The Group has the right to operate the asset
2. The Group designed the asset in a way that predetermines how and for what purpose it will be used.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. It is remeasured when there is a change in future lease payments arising from a change in rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, either a corresponding adjustment is made to the carrying amount of the right of use asset and the revised carrying amount is amortised over the remaining (revised) lease term, or it is recorded in profit and loss if the carrying amount of the right to use assets has been reduced to zero.

Right of use assets are initially measured at the amount of the lease liability.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right of use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if judged to be shorter than the lease term.

3.9 Intangible assets and amortisation

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured.

Software development costs comprise the Group's bespoke dealing system. Costs that are directly associated with the production of identifiable and unique dealing system controlled by the Group, and are probable of producing future economic benefits, are recognised as intangible assets. Direct costs of software development include employee costs and directly attributable overheads.

Costs are capitalised to the extent that they represent an improvement, enhancement or update to the intangible asset. Maintenance costs are expensed through the Income Statement.

Amortisation is charged to the income statement over the estimated useful live of three years of the dealing system from the date developments are available for use, on a straight-line basis.

The amortisation basis adopted reflects the Group's consumption of the economic benefit from that asset.

3.10 Property, plant and equipment

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

Depreciation is charged so as to write off the cost of assets to their residual values, over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment	-	Three to five years
Computer equipment	-	Three years

Leasehold improvements	-	Over the period of the lease
Right of use assets	-	Over the period of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

3.11 Foreign currencies

Non-derivative monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

3.12 Underlying operating profit

The Group presents underlying operating profit as an Alternative Performance Measure on the face of the Consolidated Statement of Comprehensive Income. Underlying operating profit excludes those significant items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to better understand the elements of financial performance in the year so as to facilitate comparison with prior years and to better assess trends in financial performance.

3.13 Employee benefits

(i) Short term benefits

Short term employee benefits including holiday pay and annual bonuses are accrued as services are rendered.

(ii) Defined contribution pension plans

The Group operates a defined contribution pension 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 when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

3.14 LLP Members' remuneration

LLP Members' remuneration is determined by reference to the nature of the participation of rights of Members of Argentex LLP, the Group's main trading subsidiary. It includes both remuneration where there is a contract of employment and any profits that are automatically divided between members by virtue of the members' agreement, to the extent that the Group does not have an unconditional right to avoid payment. To the extent that these profits remain unpaid at the year end, they are shown as liabilities in the Consolidated Statement of Financial Position. Prior to the IPO, corporate and individual members of the LLP participated in the profits of the LLP through both income interests and residual profit sharing arrangements following the allocation of all income interests. After the IPO, no individual member of the LLP has any equity interest or rights to divisions of profits other than their individual income interests, and all equity profit shares are now allocated to the intermediate subsidiaries of the Group in accordance with their equity interests.

3.15 LLP Members' interests

LLP equity capital is only repaid to outgoing members in accordance with the provision in the Members' Deed where the Group has both sufficient capital for FCA regulatory requirements, and the capital is replaced by new capital contributions from existing or new members. As such it is accounted for as equity.

Other amounts due to Members classified as a liability relate to undistributed profits and Members' taxation reserves.

3.16 Share based payments

The cost of share-based employee compensation arrangements, whereby employees receive remuneration in the form of share options, is recognised as an employee benefit expense in the Consolidated Statement of Profit or Loss. Where the entity settling the share options differs from the entity receiving the benefit of the share options (in the form of employee services), the entity's separate financial statements reflect the substance of the arrangement.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non market-based vesting conditions) at the date of grant.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non market-based vesting conditions, if present) at the date of grant. At the end of each reporting period the assumptions underlying the number of awards expected to vest are adjusted for the effects of non market-based vesting conditions to reflect the conditions prevailing at that date. The impact of any revisions to the original estimates is recognised in the Consolidated Statement of Profit or Loss, with a corresponding adjustment to equity. Fair value is measured by the use of a Black-Scholes option pricing model.

When share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

3.17 Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

Tax currently payable is based on taxable profit for the year. Taxable profit may differ from net profit as reported in the Consolidated Statement of Profit or Loss as it may exclude items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the date of the Consolidated Statement of Financial Position.

4 Critical accounting judgements and key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Accounting judgements

(i) Capitalisation of costs to intangible assets

The extent to which costs should be capitalised to intangible assets. The Group capitalise costs as intangible assets if they have a value that will benefit the performance of the Group over future periods. To assist in making this judgement, the Group undertakes an assessment, at least annually, of the carrying value of the intangible assets.

(ii) Basis for consolidation and application of IFRS 3 - Business combinations

Management's judgement of the most appropriate policy for recognising the merger and group formation and basis for consolidation has been documented in note 3.4.

4.2 Key sources of estimation uncertainty

(i) Useful economic life of intangible assets (see note 15)

Technology within the financial services sector is in a perpetual state of development and evolution, providing uncertainty over the useful economic life of the Group's bespoke dealing system.

(ii) Expected credit losses (see note 26)

Expected credit losses include forward looking estimates which represent management's best estimate of the future performance of the Group's financial assets.

(iii) Share-based payments

In determining the fair value of equity-settled share-based payments and the related charge to the Consolidated Statement of Profit or Loss, the Group makes assumptions about future events and market conditions. An estimate must be formed as to the likely number of shares that will vest along with the fair value of each award granted. The Group uses the Black-Scholes valuation model to determine the fair value, which is dependent on estimates relating to the Group's future dividend policy, the timing of prospective option exercises and the future volatility in the price of the Company's shares.

5 Segment reporting

The Directors consider that the Group consists of a single operating segment (being Argentex LLP's foreign currency dealing business) and that it operates in a market that is not bound by geographical constraints.

There is no reliance on an individual customer and no customer contributed to more than 10 per cent. of revenues in the year ended 31 March 2021 or 31 March 2020.

6 Revenue

	2021	2020
An analysis of the Group's revenue is as follows:	£m	£m
Continuing operations		
Spot and forward foreign exchange contracts	27.2	27.1
Option premiums	0.9	1.9
	28.1	29.0

7 Operating profit

	2021	2020
Operating profit for the period is stated after charging:	£m	£m
Depreciation of plant and equipment	0.2	0.4
Depreciation of Right of Use assets	0.8	-
Amortisation of intangibles	1.3	1.0
Staff costs (see note 10)	12.6	12.6
Net foreign exchange losses/(gains)	0.5	0.1

8 Auditor's remuneration

	2021	2020
	£m	£m
Fees payable to the Company's auditor and its associates for services to the Group:		

• The audit of financial statements of the company and subsidiaries	0.1	0.1
• Reporting accountant services	-	0.1

9 Non-underlying expenditure

The Directors have classified certain costs as non-underlying in accordance with the accounting policy set out in note **Error! Reference source not found.**. These costs amount to £0.7m (2020: £0.5m) and for 2021 relate to: i) costs related to moving the Group's headquarters which are ineligible for capitalisation; ii) staff costs in relation to Director changes in the Company and iii) costs related to the creation of and regulatory applications for overseas operations. In 2020, non-underlying expenditure related to costs associated with the Group's IPO which were ineligible for capitalisation.

10 Staff costs

The average number of employees employed by the Group, including executive and non-executive directors, was:

	2021	**2020**
	Number	**Number**
Directors	8	8
LLP members (excl. executive directors)	4	6
Sales and dealing	37	28
Operations	18	12
	67	**54**

	2021	**2020**
	£m	**£m**
Staff costs for the above persons were:		
Wages and salaries	7.2	5.1
Social security costs	0.9	0.7
Pension costs	0.1	-
Share based payments	0.2	-
LLP members' remuneration*	3.2	4.0
Directors remuneration	1.0	2.8
	12.6	**12.6**

Directors' remuneration

	2021	**2020**
	£m	**£m**
Directors' remuneration comprised:		
Salaries and LLP members remuneration	1.0	2.8

*Excludes Directors of Argentex Group PLC who are/were also members of Argentex LLP. 2020 figures include former members of Argentex LLP who are no longer members after IPO.

Prior to IPO, profits from Argentex LLP were distributed according to individual equity holdings in the LLP. Following Admission, the self-employed LLP members who are members of the LLP Executive Committee will be remunerated under the Amended and Restated LLP Agreement by a combination of (i) fixed annual remuneration (ii) participation in revenue commission schemes (iii) annual bonuses and (iv) other variable compensation based on the LLPs performance.

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group, or in relation to the Company, the Company. In the opinion of the Board, the Group and Company's key management are the Directors of Argentex Group plc. Information regarding their compensation is provided in the Remuneration Committee report.

11 Dividends

	2021	2020
	£m	£m
Amounts recognised as distributions to equity holders:		
Dividends declared under the former ownership structure[1]	-	0.5
Interim dividend declared of 2p per share[2]	2.3	-

1: paid to former equity holders pre-IPO

2: paid in September 2020

12 Finance costs and finance income

	2021	2020
	£m	£m
Interest on short term loans	-	0.2
Interest on lease arrangements	0.4	-
Finance Costs	0.4	0.2
Finance Income	-	0.1

Total interest income for financial assets that are not at fair value through profit or loss is equal to the amount of bank interest receivable disclosed as finance income above.

Total interest expense for financial liabilities that are not at fair value through profit or loss is equal to the amount of interest payable disclosed above.

13 Taxation

	2021	2020
	£m	**£m**
Current tax		
In respect of the current year	1.5	2.1
Total tax expense for the year	**1.5**	**2.1**

Tax has been calculated using an estimated annual effective tax rate of 19% (2020: 19%) on profit before tax.

The difference between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2021	2020
	£m	**£m**
Profit before taxation	7.4	10.2
Tax on profit on ordinary activities at standard UK corporation tax rate of 19%	1.4	1.9
Effects of:		
Disallowable management expenses	-	0.1
Other amounts charged	0.1	0.1
Total tax expense for the year	**1.5**	2.1

14 Earnings per share

The Group calculates basic earnings to be net profit attributable to equity shareholders for the period. The Group also calculates an underlying earnings figure, which excludes the effects of share based payments, and non-underlying costs as described further in note **Error! Reference source not found.**. The Group has also excluded profits earned and fully distributed to former equity holders prior to the IPO. A tax adjustment is also reflected to include a representative tax figure for profits which would have consequently incurred a corporation tax charge.

	2021	2020
	£m	£m
Earnings		
Earnings for the purposes of basic and diluted earnings per share		
- basic and diluted	5.9	8.1
Adjustments for:		
Non-underlying expenditure	0.7	0.5
LLP equity-based remuneration pre-IPO	-	1.7
Shared based payments	0.2	-
Tax impact	(0.1)	(0.3)
Underlying earnings (basic and diluted)	6.7	10.0
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	113.2	113.2
Number of dilutive shares under option	0.1	0.2
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	113.3	113.4
Earnings per share		
Basic	**5.2p**	**7.1p**
Diluted	**5.2p**	**7.1p**
Underlying - Basic	**5.9p**	**8.8p**
Underlying - Diluted	**5.9p**	**8.8p**

The calculation of diluted earnings per share assumes conversion of all potentially dilutive ordinary shares, all of which arise from share options. A calculation is performed to determine the number of share options that are potentially dilutive based on the number of shares that could have been acquired at fair value, considering the monetary value of the subscription rights attached to outstanding share options.

15 Intangible fixed assets

	Software development costs £m
Cost	
At 1 April 2019	3.4
Additions	1.1
At 31 March 2020	4.5
Additions	1.2
At 31 March 2021	5.7
Amortisation	
At 1 April 2019	1.7
Charge for year	1.0
At 31 March 2020	2.7
Charge for year	1.3
At 31 March 2021	4.0
Net book value	
At 31 March 2021	1.7
At 31 March 2020	1.8

16 Property, plant and equipment

	Leasehold improvements	Right of use Asset	Office equipment	Computer equipment	Total
	£m	£m	£m	£m	£m
Cost					
At 1 April 2019	0.4	1.2	0.2	0.3	2.1
Additions	-	-	-	*0.1*	*0.1*
At 31 March 2020	0.4	1.2	0.2	0.4	2.2
Additions	*1.7*	*7.2*	*0.6*	*0.4*	*9.9*
Disposals	*(0.4)*	*(1.2)*	*(0.2)*	*(0.2)*	*(2.0)*
At 31 March 2021	1.7	7.2	0.6	0.6	10.1
Depreciation					
At 1 April 2019	0.3	0.9	0.2	0.2	1.6
Charge for the year	*0.1*	*0.2*	-	*0.1*	*0.4*
At 31 March 2020	0.4	1.1	0.2	0.3	2.0
Charge for the year	*0.1*	*0.8*	-	*0.1*	*1.0*
Disposals	*(0.4)*	*(1.2)*	*(0.2)*	*(0.2)*	*(2.0)*
At 31 March 2021	0.1	0.7	-	0.2	1.0
Net book value					
At 31 March 2021	**1.6**	**6.5**	**0.6**	**0.4**	**9.1**
At 31 March 2020	-	0.1	-	0.1	0.2

17 Trade and other receivables

	2021	2020
	£m	£m
Non-Current		
Derivative financial assets at fair value (note 26)	**4.2**	7.2
Current		
Derivative financial assets at fair value (note 26)	**21.0**	17.6
Other debtors	0.1	0.1
Prepayments	0.5	0.2
Trade and other receivables	**0.6**	17.9

The Group always measures the loss allowance for other receivables at an amount equal to 12 month ECL. If there is a significant increase in credit risk, credit losses are recognised on the lifetime ECL basis. The expected credit losses on other receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over two years past due, whichever occurs earlier.

18 Cash and cash equivalents

	2021	2020
	£m	£m
Cash and cash equivalents	38.4	49.2

Included within cash and cash equivalents are client held funds relating to margins received and client balances payable (See note 19). Client balances held as electronic money in accordance with the Electronic Money Regulations 2011 are held in accounts segregated from the firm's own bank accounts in authorised credit institutions. Cash includes cash held as collateral with banking and brokerage counterparties of £11.6m (2020: £26.5m). Of this collateral amount, £0.1m (2020: £1.1m) is not immediately accessible.

The Directors consider that the carrying amount of these assets is a reasonable approximation of their fair value. Cash is held at authorised credit institutions and non-bank financial institutions with robust credit ratings (where published) and sound regulatory capital resources.

19 Trade and other payables

	2021	2020
	£m	£m
Derivative financial liabilities at fair value (note 26)	**9.3**	10.9
Amounts payable to clients	18.7	25.5
Other creditors	0.7	0.6
Corporation tax	1.5	2.1
Amounts due to members and former members of Argentex LLP	3.8	5.3
Accruals	2.3	2.8
Other taxation and social security	0.3	0.2
Lease liability (note 21)	1.2	-
Trade and other payables	**28.5**	**36.5**

20 Creditors: amounts falling due after more than one year

	2021	2020
	£m	£
Derivative financial liabilities at fair value (note 26)	**2.6**	4.0
Provisions	0.2	-
Lease liability (note 21)	5.7	-
Trade and other payables	**5.9**	**-**

21 Leases

The Group leases its office space. During the year, the Group's existing lease on its primary office space concluded, and the Group entered into a new ten-year lease. As a lessee, the Group has recognised a lease liability representing the present value of the obligation to make lease payments, and a related right of use (ROU) asset, in accordance with note 3.8. The rate implicit in the lease is not evident and so the Group's incremental borrowing rates have been used. The incremental rate referred to by IFRS 16 indicates the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. Management have assessed the incremental borrowing rate to be 6%. The lease gives rise to a right of use asset (note 16), and a corresponding lease liability. Information about the lease liability is presented below:

	2021	2020

	£m	£m
Lease Liability at 1 April	-	0.4
Additions	7.0	
Payments made in the year	(0.5)	(0.4)
Unwinding of finance costs	0.4	-
Lease Liability at 31 March	6.9	-
Of which		
Current (note 19)	1.2	-
Non-current (note 20)	5.7	-

22 Share Capital

Allotted and paid up	Ordinary shares No.	Management shares No.	Nominal value £m
At 1 April 2020 and 31 March 2021	113,207,547	23,589,212	0.1

On 19 June 2019, 23,589,212 Management shares were issued with nominal value of £58,974 to establish the minimum allotted share capital for a public limited company. So long as there are shares of any other class is issue, Management shares have no voting rights or rights to receive dividends or other distributions of profit.

On 25 June 2019, 113,207,547 Ordinary shares of £0.0001 each were issued for trading on AIM at a price of 106p per share. 100,000,000 shares were issued to the former owners of Argentex LLP as part of the Group formation outlined in note 3.4. Subsequently, the Company issued 13,207,547 at 106p per share, generating share premium of £13,988,679 before issuance costs.

23 Reserves

Details of the movements in reserves are set out in the Consolidated Statement of Changes in Equity. A description of each reserve is set out below.

Share premium

The share premium account is used to record the aggregate amount or value of premiums paid in excess of the nominal value of share capital issued, less deductions for issuance costs. Where an equity issuance is accounted for using merger relief, no share premiums are recorded.

Merger reserve

The merger reserve represents the difference between carrying value of the assets and liabilities acquired under merger accounting to the cost of investment (the fair value).

Share Option reserve

The Group operates a share option scheme that is explained in note 24 of these Consolidated Financial Statements. The Group recognises the services received from eligible scheme participants as charge through the Consolidated Statement of Profit or Loss, with the corresponding entry credited to the Share option reserve.

Retained earnings

Retained earnings are the accumulated undistributed profits of the Group that have been recognised through the Consolidated Statement of Profit or Loss, less amounts distributed to shareholders.

24 Share based payments

The cost of group share-based employee compensation arrangements, whereby employees receive remuneration in the form of share options, is recognised as an employee benefit expense in the statement of profit or loss. Where the entity settling the share options differs from the entity receiving the benefit of the share options (in the form of employee services), the entity's separate financial statements reflect the substance of the arrangement.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value (excluding the effect of non market-based vesting conditions) at the date of grant.

At the end of each reporting period the assumptions underlying the number of awards expected to vest are adjusted for the effects of non market-based vesting conditions to reflect the conditions prevailing at that date. The impact of any revisions to the original estimates is recognised in the statement of profit or loss, with a corresponding adjustment to equity. Fair value is measured by the use of a Black-Scholes option pricing model.

When share options are exercised, the Group issues new shares.

In June 2019, the Company issued 311,311 share options under Part I of an approved company share option plan ("CSOP") to participating employees. The share options have an exercise price of £1.06, being the IPO issue price, and vest three years after issuance. The fair value of these options at issuance has been derived using a Black-Scholes model, with expected volatility of 30%, based on derived volatilities of the AIM index and the similar listed entities to the Company. The risk free rate at the time of issuance was 0.54% for UK Government Bonds with a similar term to the vesting period of the CSOP.

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

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

Movements in the number of outstanding share options during the year and their weighted average exercise prices are shown in the following table:

	2021		**2020**	
	Average exercise price (£)	**Number of options outstanding**	**Average exercise price (£)**	**Number of options outstanding**
At 1 April	**1.06**	**226,408**	**-**	**-**
Granted	1.35	4,981,130	1.06	311,311
Forfeited	1.35	(452,830)	1.06	(84,903)
Exercised	-	-	-	-
31 March	**1.34**	**4,754,708**	**1.06**	**226,408**

25 Net Debt Reconciliation

	2021	**2020**

	£m	£m
Cash and Cash Equivalents	38.4	49.2
Lease liabilities - repayable within one year	(1.2)	-
Lease liabilities - repayable after one year	(5.7)	-
Net funds	**31.5**	**49.2**
Cash and Cash Equivalents	38.4	49.2
Total Debt - Fixed Interest Rates	(6.9)	-
Net funds	**31.5**	**49.2**

	Cash	Leases due within 1 year	Leases due after 1 year	Borrowings	Total
	£m	£m	£m	£m	£m
Net funds/(debt) at 1 April 2019	**13.6**	**(0.3)**	**(0.1)**	**(2.0)**	**11.2**
Cash flows	35.6	0.4	-	2.0	38.0
Other non-cash changes	-	(0.1)	0.1	-	-
Net funds/(debt) at 31 March 2020	**49.2**	**-**	**-**	**-**	**49.2**
Cash flows	(10.8)	0.5	-	-	(10.3)
Other non-cash changes	-	(1.7)	(5.7)	-	(7.4)
Net funds/(debt) at 31 March 2021	**38.4**	**(1.2)**	**(5.7)**	**-**	**31.5**

26 Financial instruments

The Directors have performed an assessment of the risks affecting the Group through its use of financial instruments and believe the principal risks to be: capital risk; credit risk; market risk, including interest rate risk and foreign exchange risk.

26.1 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return. Capital is repayable in accordance with the terms set out in the partnership agreement. Management regularly review the adequacy of the Group's capital. The level of capital is in excess of the capital requirement set by the Financial Conduct Authority.

26.2 Categories of financial instruments

The Group operates as a deliverable foreign exchange broker therefore financial instruments are significant to its financial position and performance. Where the partnership enters into a foreign exchange contract for a client, a matching deal is immediately executed with one of the Group's institutional counterparties.

The table below sets out the Group 's financial instruments by class.

	2021	2020
	£m	£m
Derivative financial assets	25.2	24.8
Other debtors	0.1	0.1
Derivative financial liabilities	(11.9)	(14.9)
Amounts payable to clients	(18.7)	(25.5)
Other creditors	(0.7)	(0.6)
Amounts due to members and former members of Argentex LLP	(3.8)	(5.3)
Accruals	(2.3)	(2.8)
Provisions	(0.2)	-
Lease liabilities	(6.9)	-
	(32.6)	(34.2)

26.3 Financial risk management objectives

The Group's principal risk management objective is to avoid financial loss and manage the Group's working capital requirements to continue in operations.

Market risk

Market risk for the Group comprises foreign exchange risk and interest rate risk.

Foreign exchange risk is mitigated through the matching of foreign currency assets and liabilities between clients and institutional counterparties which move in parity. The Group maintains non-sterling currency balances with institutional counterparties only to the extent necessary meet its immediate obligations with those institutional counterparties.

Foreign exchange risk - sensitivity analysis

The Group's significant cash balances other than those denominated in Pounds sterling are foreign currency balances held in Euros and US Dollars.

The table below shows the impact on the Group's operating profit of a 10% change in the exchange rate of euros and US dollars against pounds sterling.

At 31 March	2021	2020
	£m	£m
10% weakening in the GBPEUR exchange rate	0.6	0.7
10% strengthening in the GBPEUR exchange rate	(0.5)	(0.6)
10% weakening in the GBPUSD exchange rate	0.3	0.2
10% strengthening in the GBPUSD exchange rate	(0.3)	(0.2)

Interest rate risk affects the Group to the extent that forward foreign exchange contracts and foreign exchange options have an implied interest rate adjustment factored into their price, which is subject to volatility. This risk is mitigated in the same way as foreign currency risk. The Group's short term loan had fixed rate of interest, limiting any exposure to interest rate risk. This loan was fully repaid during the year.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group has extensive controls to ensure that is has sufficient cash or working capital to meet the cash requirements of the Group in order to mitigate this risk. The Group monitors its liquidity requirement daily, and the Group stress tests its liquidity position to review the sufficiency of its liquidity in stressed market scenarios. It is management's responsibility to set appropriate limits to the liquidity risk appetite of the Group, as well as ensuring that a robust system of internal controls is implemented and enforced (see the Group's going concern policy in note 3.2).

Credit risk

The failure of a client to settle a contracted trade carries the risk of loss equal to the prevailing fair value of the trade. Argentex employs rigorous procedures and ongoing monitoring to ensure that client risk exposures fit within the Group's risk appetite.
Management review financial and regulatory disclosures of the Group's institutional counterparties to ensure its cash balances and derivative assets are maintained with creditworthy financial institutions. The Group does not have any significant concentration of exposures within its client base. At institutional counterparty level, trade volumes and trading cash balances are concentrated to a small selection of institutional counterparties. A degree of concentration is necessary for the Group to command strong pricing and settlement terms with these institutions and is not considered a material risk to the Group.

26.4 Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 March 2021, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from:

- the carrying amount of the respective recognised financial assets as stated in the Consolidated Statement of Financial Position.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. In the opinion of the Directors, the carrying amount of the Group's financial assets best represents the maximum exposure.

The carrying amount of the Group's financial assets at FVTPL as disclosed in (note 26) best represents their respective maximum exposure to credit risk. Note 26.6 details the Group's credit risk management policies

(i) For Other debtors, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL as the balances are not material.

26.5 Counterparty risk

Argentex relies on third party institutions in order to trade and clear settlement funds through client accounts. To reduce counterparty credit risk to acceptable levels, Argentex only trades with institutional counterparties with robust balance sheets, high credit ratings and sound capital resources (as disclosed in accordance with the CRR and CRD IV of Basel III) and monitors the creditworthiness of institutional counterparties on an ongoing basis. It is the opinion of the business that the Group's financial backing, turnover, systems and controls and quality of clients sets the business at the higher end of the spectrum of foreign exchange brokers in the UK. The Group's business continuity procedures have established trading and settlement lines with several institutional counterparties which means that the withdrawal of services from a banking provider will have a negligible effect on the business.

26.6 Credit risk management

Note 26.4 details the Group's maximum exposure to credit risk and the measurement bases used to determine expected credit losses.

The Group undertakes continuous robust credit analysis before setting and varying trading limits and accepting trades from each client. All open positions are monitored automatically in real time and if deemed necessary collateral (in the form of cash deposits) is taken from clients to mitigate the Group's exposure to credit risk.

The table below sets out the profile of the Group 's open financial assets. Management are satisfied that the assets are of a high quality, none are past due and that no impairments are required.

Financial assets at balance sheet date by contractual maturity

31 March 2021

	0-3 months	3-6 months	6-12 months	1-3 years	Total
	£	£	£	£	£
Derivative financial assets	10.3	4.9	5.8	4.2	**25.2**
Other receivables	0.1	-	-	-	**0.1**
Financial assets	10.4	4.9	5.8	4.2	**25.3**

31 March 2020

	0-3 months	3-6 months	6-12 months	1-3 years	Total
	£m	£m	£m	£m	£m
Derivative financial assets	7.1	4.8	5.7	7.2	**24.8**
Other receivables	0.1	-	-	-	**0.1**
Financial assets	7.2	4.8	5.7	7.2	**24.9**

The following table details the profile of the Group's financial liabilities. The amounts are based on the undiscounted cash flows based on the earliest date on which the Group can be required to pay.

Financial liabilities at balance sheet date by contractual maturity

31 March 2021

	0-3 months	3-6 months	6-12 months	1-3 years	Total
	£m	£m	£m	£m	£m
Derivative financial liabilities	(3.7)	(2.6)	(3.0)	(2.6)	**(11.9)**
Amounts payable to clients	(18.7)	-	-	-	**(18.7)**
Other Payables	(6.8)	-	-	(0.2)	**(7.0)**
Lease liabilities	(0.1)	(0.3)	(0.8)	(5.7)	**(6.9)**
Financial liabilities	(29.3)	(2.9)	(3.8)	(8.5)	**(44.5)**

31 March 2020

	0-3 months	3-6 months	6-12 months	1-3 years	Total
	£m	£m	£m	£m	£m
Derivative financial liabilities	(4.5)	(3.0)	(3.4)	(4.0)	**(14.9)**
Amounts payable to clients	(25.5)	-	-	-	**(25.5)**
Other Payables	(8.7)	-	-	-	**(8.7)**
Financial liabilities	(38.7)	(3.0)	(3.4)	(4.0)	**(49.1)**

27 Fair value measurements

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

27.1 Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

There were no transfers between levels 1, 2 and 3 during the year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	2021	**2020**		
Foreign exchange forward and option contracts (note 26)	Assets £**25.2m**; and Liabilities **£11.9m**	Assets £24.8m; and Liabilities £14.9m	Level 2	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of foreign exchange forward and option contracts is measured using observable market information provided by third party market data providers.

27.2 Fair value of financial assets and financial liabilities that are not measured at fair value

The partners consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximately at their fair values

28 Related party transactions

PUMA Lending Limited provided an occasional short term liquidity facility to the Group in the form of short term loans. £nil was outstanding at 31 March 2021 and 2020. £2m, plus related interest of £0.1m was repaid immediately following the IPO in the previous financial year. The relationship of PUMA Lending Limited to the Group is that PUMA Lending Limited shares common control with Pacific Investments Management Limited, the former owner of Argentex Foreign Exchange Limited.

Included in other creditors is £0.6m (2020: £0.6m) owed to Pacific Investments Management Limited, the former owner of Argentex Foreign Exchange Limited.

29 Contingent liabilities

As at 31 March 2021 there were no capital commitments or contingent liabilities (2020: none).

30 Controlling party

In the opinion of the Directors there is no ultimate controlling party of Argentex Group PLC

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