Consolidated Statement of Profit or Loss and other comprehensive income

for the year ended 31 March 2020

	Notes	2020	2019
		£	£
Revenue	6	28,986,444	21,910,695
Cost of sales		(409,350)	(391,656)
Gross profit		28,577,094	21,519,039
Administrative expenses		(16,075,230)	(11,736,436)
Underlying operating profit		12,501,864	9,782,603
IPO costs		(563,171)	-
LLP equity-based remuneration pre-IPO		(1,662,696)	(7,535,272)
Share based payments		(5,763)	-
Operating profit	7	10,270,234	2,247,331
Finance costs	11	(157,032)	(107,764)
Finance income	11	105,343	-
Profit before taxation		10,218,545	2,139,567
Taxation	12	(2,127,755)	-
Profit for the year		8,090,790	2,139,567
Other comprehensive income		-	-
Profit for the year and total comprehensive income		8,090,790	2,139,567
Earnings per share			
Basic	13	7.1p	2.1p
Diluted	13	7.1p	2.1p
Underlying - Basic	13	8.8p	7.8p
Underlying - Diluted	13	8.8p	7.8p

Consolidated Statement of Financial Position

for the year ended 31 March 2020

	Notes	2020	2019
		£	£
Non-current assets			
Intangible assets	14	1,793,385	1,756,435
Plant and equipment	15	211,693	473,406
Trade and other receivables	16	7,225,042	2,228,663
Total non-current assets		9,230,120	4,458,504
Current assets			
Trade and other receivables	16	17,925,854	10,279,640
Cash and cash equivalents	17	49,275,808	13,566,063
Total current assets		67,201,662	23,845,703
Current liabilities			
Trade and other payables	18	(47,425,671)	(24,684,862)
Total current liabilities		(47,425,671)	(24,684,862)
Net current assets/(liabilities)		19,775,991	(839,159)
Non-current liabilities			
Trade and other payables	19	(4,024,158)	(547,779)
Total non-current liabilities		(4,024,158)	(547,779)
Net assets		24,981,953	3,071,556

Consolidated Statement of Financial Position (continued)

for the year ended 31 March 2020

Equity			
Share capital	21	70,295	1
LLP equity capital		-	3,071,565
Share premium account	22	12,713,922	-
Share option reserve	23	5,763	-
Merger reserve	22	4,549,705	-
Retained earnings		7,642,268	-
Total Equity		24,981,953	3,071,566

The financial statements of Argentex Group PLC were approved by the Board of Directors on 31 July 2020 and were signed on its behalf by:

Carl Jani
Director
Registered number **11965856**

Consolidated Statement of Changes in Equity

for the year ended 31 March 2020

	Ordinary Share capital	Share premium	LLP equity capital	Share option reserve	Merger reserve	Retained earnings	Total equity
	£	£	£	£	£	£	£
Balance at 1 April 2018	1	-	3,051,565	-	-	728,329	**3,779,895**
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	2,139,567	**2,139,567**
Total comprehensive income for the year	-	-	-	-	-	2,139,567	**2,139,567**
Transactions with owners:							
— Dividends paid under former ownership structure	-	-	-	-	-	(2,867,896)	**(2,867,896)**
— LLP capital contributions	-	-	20,000	-	-	-	**20,000**
Balance at 31 March 2019	1	-	3,071,565	-	-	-	**3,071,566**
Comprehensive income for the year							
Profit for the year	-	-	-	-	-	8,090,790	**8,090,790**
Total comprehensive income for the year	-	-	-	-	-	8,090,790	**8,090,790**
Transactions with owners:							
— Dividends paid under former ownership structure	-	-	-	-	-	(448,522)	**(448,522)**
— Merger reserve arising on reorganisation	(1)	-	(3,071,565)	-	4,549,705	-	**1,478,139**
— Issue of share capital	70,295	13,998,679	-	-	-	-	**14,068,974**
— Cost of issue of equity shares	-	(1,284,757)	-	-	-	-	**(1,284,757)**
— Share based payments	-	-	-	5,763	-	-	**5,763**
Balance at 31 March 2020	**70,295**	**12,713,922**	**-**	**5,763**	**4,549,705**	**7,642,268**	**24,981,953**

Consolidated Statement of Cash Flows

for the year ended 31 March 2020

	Notes	2020	2019
		£	£
Net cash generated from operating activities	24	27,061,702	3,449,925
Investing activities			
Purchase of intangible assets	14	(1,083,412)	(1,417,090)
Purchases of plant and equipment		(101,323)	(53,069)
Share acquisition costs		(109,290)	-
Net cash generated used in investing activities		(1,294,025)	(1,470,159)
Financing activities			
Payment of lease liabilities	20	(388,525)	(310,820)
Proceeds from issue of shares		14,061,302	-
Share issuance costs		(1,284,757)	-
Short term loans	25	(1,997,430)	1,997,430
Distributions paid under former ownership structure	10	(448,522)	(2,867,896)
Capital contributions by LLP members		-	20,000
Net cash generated/(used in) financing activities		9,942,068	(1,161,286)
Net increase in cash and cash equivalents		35,709,745	818,480
Cash and cash equivalents at the beginning of the year		13,566,063	12,747,583
Cash and cash equivalents at the end of the year	17	49,275,808	13,566,063

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 5 Old Bond Street, London, W1S 4PD.

The nature of the Group's operations and its principal activities are detailed in the Strategic Report.

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 2020 and 31 March 2019 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.

2. Adoption of new and revised standards

The Group has not prepared Consolidated Financial Statements prior to the IPO and restructure, consequently these financial statements incorporate all applicable standards without the need for transition or adjustment.

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 the IFRSs as adopted by the EU and interpretations issued by the IFRS Interpretations Committee (IFRS IC).

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 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 27.3 for further disclosures relating to liquidity risk).

COVID-19

The Group has successfully triggered business continuity provisions in response to Government directives, ensuring its ability to maintain operations. Currently, all relevant staff are successfully working remotely and have full access to the Group's technology platform that allows them to connect virtually and continue as normal on existing engagements and business development activities. The Board of Directors and the management team are monitoring the welfare of staff on a daily basis and are providing them with the support they need to operate effectively from remote locations.

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.

Whilst these measures may be extended as events unfold, the Board of Directors is confident that in context of the Group's financial requirements they give flexibility and sufficient 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 (formerly Pacific Foreign Exchange Limited)	Holding company	England

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

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 (later renamed Argentex Foreign Exchange Limited). Argentex LLP, Argentex Capital Limited and Argentex Foreign Exchange Limited are now 100% owned (either directly or indirectly) subsidiaries of Argentex Group PLC and consolidated into these financial statements.

In preparing these Consolidated Financial Statements, the Company is required to determine whether the transaction falls within the scope of IFRS 3 Business Combinations in order to determine the appropriate basis for disclosure. It is the directors' view that the transaction falls within the scope exclusion of IFRS 3, and as such an alternative accounting policy must be selected. In the opinion of the directors, there is no other IFRS that specifically applies to this transaction.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (paras 10-12) requires the Company to develop and apply an accounting policy suitable to the transaction, in accordance with the particulars laid out in the standard. IAS 8 para 12 also states that "In making the judgement described in paragraph 10, management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices…".

In reviewing the scope of the merger and group formation, the directors have determined the selection of an accounting policy analogous to that of the UK's FRS102 section 19 Business Combinations and Goodwill (merger accounting method) will provide the most relevant, reliable and representative accounting treatment, which reflects the economic substance of the transaction.

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. Under merger accounting the results of the Group entities are combined from the beginning of the comparative period before the merger occurred. Comparatives are restated on a combined basis and adjustments made as necessary to achieve consistency of accounting principles.

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 27).

Other financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL (see note 28).

Fair value is determined in the manner described in note 28.

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.

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 28.

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

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 purchases, 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 to use the 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.

The Group presents right to use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'Trade and other payables' in the Consolidated Statement of Financial Position.

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 & 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 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. Employee benefits

(i) Short term benefits
Short term employee benefits including holiday pay and annual bonuses are accrued as services 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.

3.13. 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.

3.14. 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.

3.15. 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.

3.16. 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 undertake an assessment, at least annually, of the carrying value of the intangible assets.

(ii) Impairment of non-financial assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced.

(iii) 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 14)

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 27)

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

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 2020 or 31 March 2019.

6. **Revenue**

An analysis of the Group's revenue is as follows:

	2020 £	2019 £
Continuing operations		
Spot and forward foreign exchange contracts	27,120,119	21,669,277
Option premiums	1,866,325	241,418
	28,986,444	21,910,695

7. **Operating profit**

Operating profit for the period is stated after charging/(crediting):

	2020 £	2019 £
Depreciation of plant and equipment	363,063	422,136
Amortisation of intangibles	1,046,462	778,710
Staff costs (see note 9)	12,606,175	14,874,461
Net foreign exchange losses/(gains)	66,060	(152,057)

8. **Auditor's remuneration**

Fees payable to the Company's auditor for the audit of the parent company annual financial statements

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for other services to the Group:		
— The audit of financial statements of the Company and subsidiaries	82,218	48,900
— Audit-related assurance services	4,680	4,548
— Tax compliance services	18,000	-
— Reporting accountant services	135,000	116,400

9. **Staff costs**

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

	2020 Number	2019 Number
Directors	8	5
LLP members (excl. executive directors)	6	9
Sales and dealing	28	26
Operations	12	11
	54	51

Staff costs for the above persons were:

	2020 £	2019 £
Wages and salaries	5,118,905	5,060,769
Social security costs	657,861	672,575
Pension costs	45,490	37,898
Share based payments	5,763	-
LLP members' remuneration*	3,976,447	4,616,097
Directors remuneration	2,801,709	4,487,122
	12,606,175	14,874,461

Directors' remuneration	2020 £	2019 £
Directors' remuneration comprised:		
Salaries and LLP members remuneration	2,801,709	4,487,123

*Excludes Directors of Argentex Group PLC who are/were also members of Argentex LLP. Includes 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 LLP's 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 activities of 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.

10. Dividends

Amounts recognised as distributions to equity holders:

	2020	2019
	£	£
Dividends declared under the former ownership structure	448,552	2,867,896

Prior to the IPO and change in ownership, the former owners of Argentex Foreign Exchange Limited declared dividends amounting to £448,552 (2019: 2,867,896) which are included in the Consolidated Statement of Changes in Equity.

11. Finance costs and finance income

	2020	2019
	£	£
Interest on short term loans	133,362	78,998
Bank interest payable	12,423	-
Interest on lease arrangements	11,247	28,766
Finance Costs	157,032	107,764
Finance Income	105,343	-

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.

12. Taxation

	2020	2019
	£	£
Current tax		
In respect of the current year	2,127,755	-
Total tax expense for the year	2,127,755	-

Tax has been calculated using an estimated annual effective tax rate of 19% (2019: 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:

	2020	2019
	£	£
Profit before taxation	10,218,545	2,139,567
Tax on profit on ordinary activities at standard UK corporation tax rate of 19%	1,941,524	406,518
Effects of:		
Disallowable management expenses	105,695	-
Other amounts charged	80,536	-
Group relief gifted by former group members	-	(406,518)
Total tax expense for the year	2,127,755	-

13. 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-recurring costs including costs associated with the IPO and 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. Comparative figures for weighted average number of ordinary shares represents the number of shares in issue immediately prior to the IPO, as if they had been in issue for the entire comparative period.

	2020 £	2019 £
Earnings		
Earnings for the purposes of basic and diluted earnings per share (being net profit attributable to equity shareholders)		
— basic and diluted	8,090,790	2,139,567
Adjustments for:		
IPO costs	563,171	-
LLP equity-based remuneration pre-IPO	1,662,696	7,535,272
Shared based payments	5,763	-
Tax impact	(317,007)	(1,838,220)
— underlying earnings (basic and diluted)	10,005,413	7,836,619
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	113,207,547	100,000,000
Number of dilutive shares under option	226,408	-
Weighted average number of ordinary shares for the purposes of dilutive earnings per share	113,433,955	100,000,000
Earnings per share from discontinued operations		
Basic	7.1p	2.1p
Diluted	7.1p	2.1p
Underlying - Basic	8.8p	7.8p
Underlying - Diluted	8.8p	7.8p

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.

14. Intangible fixed assets

	Software development costs £
Cost	
At 1 April 2018	2,026,993
Additions	1,417,090
At 31 March 2019	3,444,083
Additions	1,083,412
At 31 March 2020	4,527,495

	£
Amortisation	
At 1 April 2018	908,938
Additions	778,710
At 31 March 2019	1,687,648
Additions	1,046,462
At 31 March 2020	2,734,110
Net book value	
At 31 March 2020	1,793,385
At 31 March 2019	1,756,435

15. Property, plant and equipment

Cost	Leasehold improvements	Right of use Asset	Office equipment	Computer equipment	Total
	£	£	£	£	£
At 1 April 2018	351,700	1,173,525	241,813	267,684	**2,034,722**
Additions	-	-	1,212	51,857	**53,069**
At 31 March 2019	351,700	1,173,525	243,025	319,541	**2,087,791**
Additions	-	-	3,030	98,293	**101,323**
At 31 March 2020	351,700	1,173,525	246,055	417,834	**2,189,114**
Depreciation					
At 1 April 2018	178,692	645,425	204,170	163,962	**1,192,249**
Charge for the year	74,228	234,711	37,033	76,164	**422,136**
At 31 March 2019	252,920	880,136	241,203	240,126	**1,614,385**
Charge for the year	74,227	234,949	1,917	51,943	**363,063**
At 31 March 2020	327,147	1,115,085	243,120	292,069	**1,977,421**
Net book value					
At 31 March 2020	24,553	58,440	2,935	125,765	**211,693**
At 31 March 2019	98,780	293,389	1,822	79,415	**473,406**

16. Trade and other receivables

	2020	2019
	£	£
Non-Current		
Derivative financial assets at fair value (note 27)	**7,225,042**	2,228,663
	7,225,042	2,228,663
Current		
Derivative financial assets at fair value (note 27)	**17,633,046**	9,927,443
Other debtors	**90,880**	49,698
Prepayments	**201,928**	302,499
	17,925,854	10,279,640

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.

17. Cash and cash equivalents

	2020	2019
	£	£
Short term bank deposits	**49,275,808**	13,566,063
	49,275,808	13,566,063

Included within cash and cash equivalents are client held funds relating to margins received and client balances payable (See note 18). 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 for which the Group does not have immediate access of 2020 £1,140,267 (2019: £345,542).

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.

18. Trade and other payables

	2020	2019
	£	£
Trade creditors	**1,574**	-
Amounts payable to clients	**25,524,595**	8,581,414
Other creditors	**625,861**	2,996,368
Short term loans	-	1,997,430
Corporation tax	**2,127,756**	-
Amounts due to members and former members of Argentex LLP	**5,315,499**	5,379,898
Accruals	**2,785,250**	2,120,097
Other taxation and social security	**190,711**	189,331
Derivative financial liabilities at fair value (note 27)	**10,854,425**	3,120,364
Lease liability (note 20)	-	299,960
	47,425,671	24,684,862

The short term loan was from PUMA Lending Limited (see related party note 29) and attracted an interest rate of 15%. The loan was repayable on demand and had no conversion rights. The loan and interest were repaid in full during the year.

19. Creditors: amounts falling due after more than one year

	2020	2019
	£	£
Derivative financial liabilities at fair value (note 27)	**4,024,158**	470,461
Lease liability (note 20)	-	77,318
	4,024,158	547,779

20. Leases

The Group leases its office space. The group entered into a five-year lease in July 2015 with no break or extension clauses. The annual lease payments are £310,820. The lease gives rise to a right-of-use asset (note 15), and a corresponding lease liability. Information about the lease liability is presented below:

20.1. Lease Liabilities

	2020
	£
Lease Liability at 31 March 2019	377,278
Payments made under lease terms	(388,525)
Unwinding of finance costs	11,247
Lease Liability at 31 March 2020	-

21. Share Capital

Allotted and paid up	Ordinary shares	Management shares	Nominal value
	No.	No.	£
At 1 April 2018 and 31 March 2019	1	-	1
Ordinary shares of £0.0001 each issued during the year	113,207,547	-	11,321
Management shares issued of £0.0025 each issued during the year	-	23,589,212	58,973
At 31 March 2020	113,207,547	23,589,212	70,294

On 19 June 2019, 23,589,212 Management shares were issued with nominal value of £58,973 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.

22. 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).

Retained earnings
Retained earnings are the accumulated undistributed profits of the Group that have been recognised through the Consolidated Statement of Profit or Loss.

23. Share based payments

On 19 June 2019, the Company issued 311,311 share options under 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.

For the period from issuance to the year end, the Group have recognised an expense of £5,763 based on the estimated number of share options expected to vest.

Subsequent to the year end, the Group issued a further 4,528,300 unapproved share options (see note 26).

24. Net cash generated from operating activities

	2020	2019
	£	£
Profit after taxation	8,090,790	2,139,567
Net finance expense	11,247	107,764
Depreciation of property, plant and equipment	128,087	187,425
Depreciation of right of use assets	234,949	234,711
Amortisation of intangible assets	1,046,462	778,710
Share based payment expense	5,763	-
Decrease in receivables	59,389	1,971,381
Increase/(decrease) in payables	18,969,951	(1,049,722)
(Decrease)/increase in derivative financial assets	(12,701,982)	903,933
Increase/(decrease) in derivative financial liabilities	11,287,758	(4,816,642)
LLP members remuneration	6,557,493	8,983,247
Drawings and distributions to LLP members and former members	(6,628,205)	(5,990,449)
Net cash generated from operating activities	27,061,702	3,449,925

25. Net Debt Reconciliation

	2020	2019
	£	£
Cash and Cash Equivalents	49,275,808	13,566,063
Borrowings – repayable within one year	-	(2,297,390)
Borrowings – repayable after one year	-	(77,318)
Net funds	**49,275,808**	11,191,355
Cash and Cash Equivalents	49,275,808	11,191,355
Total Debt – Fixed Interest Rates	-	(2,374,708)
Net funds	**49,275,808**	11,191,355

	Cash	Finance leases due within 1 year	Finance leases due after 1 year	Borrowings	Total
	£	£	£	£	£
Net funds/(debt) at 1 April 2018	12,747,583	(282,650)	(377,278)	-	**12,087,655**
Cashflows	818,480	310,820	-	(1,997,430)	**(868,130)**
Other non-cash changes	-	(328,130)	299,960	-	**(28,170)**
Net funds/(debt) at 31 March 2019	**13,566,063**	**(299,960)**	**(77,318)**	**(1,997,430)**	**11,191,355**
Cashflows	35,709,745	388,525	-	1,997,430	**38,095,700**
Other non-cash changes	-	(88,565)	77,318	-	**(11,247)**
Net funds/(debt) at 31 March 2020	**49,275,808**	-	-	-	**49,275,808**

26. Subsequent events

On 7 April 2020, the Company awarded options over a total of 4,528,300 new ordinary shares in an unapproved option scheme. The share options all have an exercise price of 135p, representing a 12.0% premium to the closing mid-market price of 120.5p on 6 April 2020, the day before the awards were made. To provide long-term alignment with shareholders, the awards will vest in portions of one third on the third, fourth and fifth anniversaries of grant.

On 7 May 2020, the Group entered into a new operating lease for a new London headquarters. Following the end of the rent free period, the Group will be committed to rent payments of £912,270 per annum excluding VAT for the remainder of the lease. The full term of the lease is ten years with an option to break at five years.

27. 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.

27.1. 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.

27.2. 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.

	2020	2019
	£	£
Derivative financial assets	**24,858,088**	12,156,106
	24,858,088	12,156,106
Other debtors	**90,880**	49,698
Derivative financial liabilities	**(14,878,583)**	(3,590,825)
Trade creditors	**(1,574)**	-
Amounts payable to clients	**(25,524,595)**	(8,581,414)
Other Creditors	**(625,861)**	-
Short term loans	-	(1,997,430)
Amounts due to members and former members of Argentex LLP	**(5,315,499)**	(5,379,898)
Accruals	**(2,785,250)**	(2,120,097)
Lease liabilities	-	(377,278)
	(34,252,779)	(21,152,525)

27.3. 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	2020	2019
	£	£
10% weakening in the GBP/EUR exchange rate	683,091	263,765
10% strengthening in the GBP/EUR exchange rate	(620,992)	(215,808)
10% weakening in the GBP/USD exchange rate	189,637	220,961
10% strengthening in the GBP/USD exchange rate	(172,397)	(180,786)

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.

27.4. 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 2020, 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 tables below detail the credit quality of the group's financial assets and other items, as well as the group's maximum exposure to credit risk by credit risk rating grades:

(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.

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 27) best represents their respective maximum exposure to credit risk. Note 27.6 details the Group's credit risk management policies

27.5. 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.

27.6. Credit risk management

Note 27.4 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 2020	0-3 months	3-6 months	6-12 months	1-3 years	Total
	£	£	£	£	£
Derivative financial assets	7,054,433	4,765,693	5,812,920	7,225,042	**24,858,088**
Other receivables	90,880	-	-	-	**90,880**
Financial assets	7,145,313	4,765,693	5,812,920	7,225,042	**24,948,968**

31 March 2019	0-3 months	3-6 months	6-12 months	1-3 years	Total
	£	£	£	£	£
Derivative financial assets	5,334,490	1,789,612	2,803,341	2,228,663	**12,156,106**
Other receivables	49,698	-	-	-	**49,698**
Financial assets	5,384,188	1,789,612	2,803,341	2,228,663	**12,205,804**

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 2020	0-3 months	3-6 months	6-12 months	1-3 years	Total
	£	£	£	£	£
Derivative financial liabilities	(4,539,428)	(2,952,373)	(3,362,624)	(4,024,158)	**(14,878,583)**
Customer balances	(25,524,595)	-	-	-	**(25,524,595)**
Other Payables	(8,728,184)	-	-	-	**(8,728,184)**
Financial liabilities	(38,792,207)	(2,952,373)	(3,362,624)	(4,024,158)	**(49,131,362)**

31 March 2019	0-3 months	3-6 months	6-12 months	1-3 years	Total
	£	£	£	£	£
Derivative financial liabilities	(1,268,203)	(1,076,094)	(776,067)	(470,461)	**(3,590,825)**
Customer balances	(8,581,414)	-	-	-	**(8,581,414)**
Lease payments	(72,826)	(73,924)	(153,210)	(77,318)	**(377,278)**
Short term loans	(1,997,430)	-	-	-	**(1,997,430)**
Other Payables	(10,496,363)	-	-	-	**(10,496,363)**
Financial liabilities	(22,416,236)	(1,150,018)	(929,277)	(547,779)	**(25,043,310)**

28. Fair value measurements

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

28.1. 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 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)
	2020	**2019**		
Foreign exchange forward and option contracts (note 27)	Assets **£24,858,088;** and Liabilities **£14,878,583**	Assets £12,156,106; and Liabilities £3,590,825	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. Estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates.

28.2. 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

29. Related party transactions

PUMA Lending Limited provided an occasional short term liquidity facility to the Group in the form of short term loans (see note 18). £1,997,430 was outstanding at 31 March 2019. This amount, plus related interest of £133,361 was repaid immediately following the IPO, and the balance is £nil at 31 March 2020. 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 £625,861 owed to Pacific Investments Management Limited, the former owner of Argentex Foreign Exchange Limited.

30. Contingent liabilities

As at 31 March 2020 there were no capital commitments or contingent liabilities (2019: none).

31. Controlling party

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

Company Statement of Financial Position

for the period ended 31 March 2020

	Notes	31 March 2020
		£
Non-current assets		
Investment in subsidiaries	7	118,005,763
Total non-current assets		118,005,763
Current assets		
Trade and other receivables	8	61,332
Total current assets		61,332
Current liabilities		
Other payables	9	(106,026)
Total current liabilities		(106,026)
Net assets		117,961,069
Equity		
Share capital	10	70,294
Share premium	11	12,713,922
Share option reserve	11	5,763
Merger reserve	11	105,992,359
Retained earnings		(821,269)
		117,961,069

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own income statement. The loss for the period to 31 March 2020 was £821,269.

The financial statements of Argentex Group PLC were approved by the Board of Directors on 31 July 2020 and were signed on its behalf by:

Carl Jani
Director
Registered number **11965856**

Company Statement of Changes in Equity

for the period ended 31 March 2020

Cost	Share capital	Share premium	Share option reserve	Merger reserve	Retained earnings	Total equity
	£	£	£	£	£	£
Balance at 26 April 2019						
Loss for the year	-	-	-	-	(821,269)	(821,269)
Total comprehensive income for the year	-	-	-	-	(821,269)	(821,269)
Merger reserve arising on reorganisation	-	-	-	105,992,359	-	105,992,359
Transactions with owners:						
Issue of share capital	70,294	13,998,679	-	-	-	14,068,973
Cost of issue of equity share capital	-	(1,284,757)	-	-	-	(1,284,757)
Share based payments	-	-	5,763	-	-	(5,763)
Balance at 31 March 2020	70,294	12,713,922	5,763	105,992,359	(821,269)	117,961,069

1. **Basis of preparation**

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 5 Old Bond Street, London, W1S 4PD.

The nature of the Company's operations and its principal activities are detailed in the Strategic Report.

The Company meets the definition of a qualifying entity under Financial Reporting Standard ("FRS") 100. The financial statements of Argentex Group PLC have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) as issued by the Financial Reporting Council and the Companies Act 2006 as applicable to companies using FRS 101.

The financial statements have been prepared on a going concern basis and under the historical cost convention. The financial statements are presented in pounds sterling (£), which is the currency of the primary economic environment in which the Company operates.

Disclosure exemptions adopted
The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 111 (statement of cash flows information); and
  - 134–136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

2. **Significant accounting policies**

The principal accounting policies are summarised below.

2.1. **Going concern**

The Company's going concern policy is consistent with the policy adopted by the group, as disclosed in note 3.2 of the Consolidated Financial Statements

2.2. **Investments in subsidiary undertakings**

Unlisted investments in subsidiary undertakings are stated at cost (being their fair value at acquisition) less any provisions for impairment. A review for impairment is carried out if events or changes in circumstances indicate that the carrying amount may not be recoverable, in which case an impairment provision is recognised and charged to the Statement of Profit or Loss. To the extent applicable, balances in the Merger Reserve will be recycled into Retained Earnings to correspond with any impairment charge.

2.3. **Financial instruments**

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

The Company's financial assets are initially recognised at fair value, and subsequently carried at amortised cost. The objective of the Company's financial assets is to hold the asset in order to collect contractual cash flows (those cash flows being solely the payments of the principal and interest). Financial assets are subsequently assessed for credit risk, by reference to the stage of performance in accordance with IFRS 9. Impairment provisions on receivables from group undertakings are based on a forward-looking expected credit loss (ECL) model. The methodology used to determine the amounts of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. Where the credit risk has not increased significantly since initial recognition, a twelve-month ECL is recognised. Where credit risk has increased significantly, a lifetime ECL is recognised.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of contractual arrangements entered into and the definitions of a financial liability and equity instrument. Trade payables and other short-term monetary liabilities are initially measured at fair value and subsequently carried at amortised cost. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2.4. **Foreign currency**

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 operating profit.

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 Statement of Profit or Loss as it may excludes 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the date of the Statement of Financial Position.

3. **Critical accounting estimates and judgements**

The preparation of the financial statements in conformity with the generally accepted accounting practices requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the reporting period.

(i) Carrying value of investments in subsidiaries

The carrying value of investments in subsidiaries are initially recorded at cost (being the fair value at acquisition) and subsequently measured at cost less provision for impairment. The directors have reviewed all forecast and budgetary information available to them and have deemed there to be no objective evidence for impairment.

4. Auditor's remuneration

The auditors' remuneration for audit and other services is disclosed in Note 8 to the Consolidated Financial Statements.

5. Directors' Emoluments

	2020
	Number
Executive and non-executive directors	7
	£
Costs for the above persons were:	
Wages and salaries	200,542
Social security costs	21,517
	222,059

Disclosures in the Company financial statements reflect costs to the Company only. The Remuneration Committee report contains relevant information on directors' remuneration for the Group.

6. Taxation

	2020
	£
Current tax	
In respect of the current year	-
Total tax expense for the year	-

Tax has been calculated using an estimated annual effective tax rate of 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:

	2020
	£
Loss before taxation	(821,269)
Tax on loss on ordinary activities at standard UK corporation tax rate of 19%	156,695
Effects of:	
Expenses not allowable for taxation	(105,695)
Group relief surrendered	(50,346)
Total tax charge/(credit) for the period	-

7. Investment in subsidiaries

Cost	2020
	£
At 26 April 2019	-
Additions	118,005,763
At 31 March 2020	118,005,763

Details of the Company's subsidiaries, which are all included in the Consolidated Financial Statements of the Group, are as follows:

Name of undertaking	Nature of business	Country of incorporation
Directly held		
Argentex Capital Limited	Foreign exchange broking	England
Indirectly held		
Argentex LLP	Holding company	England
Argentex Foreign Exchange Limited (formerly Pacific Foreign Exchange Limited)	Holding company	England

All subsidiary undertakings have registered address 5 Old Bond Street, London, W1S 4PD. All subsidiaries are 100% owned either directly or indirectly.

On 24 June 2019, the Company acquired the entire issued share capital of Argentex Capital Limited via a share-for-share exchange. Subsequent to the acquisition, the Company invested a further £12,000,000 in the form of new shares in Argentex Capital, which was then used to increase the equity capital of Argentex LLP, a subsidiary of Argentex Capital Limited. The share-for-share exchange qualified for merger relief in accordance with the Companies Act 2006, and a merger reserve of £105,992,359 was created on the issue of 76,410,788 ordinary shares.

8. Trade and other receivables

	2020
	£
Other receivables	61,332

The directors consider that the carrying amount of trade and other receivables is a reasonable approximation of their fair value. All trade and other receivables amounts are short-term.

9. Other payables

	2020
	£
Amounts owed to group undertakings	88,004
Other tax and social security payable	8,536
Accruals and deferred income	9,486
	106,026

The directors consider that the carrying amount of trade and other payables is a reasonable approximation of their fair value. Amounts owed to group undertakings are unsecured, interest free, and repayable on demand.' All trade and other payables amounts are short-term.

10. Share capital

Allotted and paid up	Ordinary shares	Management shares	Nominal value
	No.	No.	£
Ordinary shares of £0.0001 each issued during the year	113,207,547	-	11,321
Management shares issued of £0.0025 each issued during the year	-	23,589,212	58,973
At 31 March 2020	113,207,547	23,589,212	70,294

On 7 June 2019, 23,589,212 Management shares were issued with nominal value of £58,973 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 business combination outlined in the Consolidated Financial Statements. Subsequently, the Company issued 13,207,547 at 106p per share, generating share premium of £13,988,679 before issuance costs. Ordinary Shares have full voting rights and rights to receive dividends and other distribution of profit.

Reserves

Details of the movements in reserves are set out in the 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 less issuance costs when the Company's shares are issued at a premium.

Share option reserve
The Company operates a share option scheme that is explained in note 23 of the Consolidated Financial Statements. The Company is the settling entity of the share based payment scheme, and recognises the services received as an increase in investments in subsidiary undertakings, with the corresponding entry credited to the Share option reserve.

Merger reserve
The merger reserve represents the difference between the cost of the investment (being the fair value at acquisition) and the nominal value of shares being issued.

Retained earnings
Retained earnings are the accumulated undistributed profits of the Company that have been recognised through the Statement of Profit or Loss.

The Directors propose that an dividend of 2p per ordinary share amounting to £2,264,150.94 will be paid on 10 September 2020 to all shareholders on the register of members on 14 August 2020. This has not been included as a liability in these Financial Statements in accordance with IAS 10 'Event after the reporting period'.

Prior to the payment of a dividend, the Directors will be required to form a reasonable judgment as to the amount of the distributable profits of the Company which will be assessed by reference to interim accounts of the Company prepared after the reporting date.

On 24 June 2019, the Company acquired the entire issued share capital of Argentex Capital Limited via a share-for-share exchange. Subsequent to the acquisition, the Company invested a further £12,000,000 in the form of new shares in Argentex Capital, which was then used to increase the equity capital of Argentex LLP, a subsidiary of Argentex Capital Limited. The share-for-share exchange qualified for merger relief in accordance with the Companies Act 2006, and a merger reserve of £105,992,359 was created on the issue of 76,410,788 ordinary shares.

11. Subsequent events

On 7 April 2020, the Company awarded options over a total of 4,528,300 new ordinary shares in an unapproved option scheme. The share options all have an exercise price of 135p, representing a 12.0% premium to the closing mid-market price of 120.5p on 6 April 2020, the day before the awards were made. To provide long-term alignment with shareholders, the awards will vest in portions of one third on the third, fourth and fifth anniversaries of grant.