Cornerstone

Annual Report

For the year ended 31 December 2020

Contents

Strategic Framework

Cornerstone is...

A payments focused fintech business that makes managing currency simple for international SMEs

With a clear strategy to grow via...

Buy-and-build acquisitions

- Roll-up and integrate independent FX brokers to drive scale and profitability

Growing in-house sales capacity

- Hiring experienced additional sales resource
- Building our sales and marketing capabilities

Developing broader products and services

- Multi-currency e-money accounts, accounting system integrations and open banking services

Focusing on larger SME customers

- UK SMEs underserved by traditional banks
- Larger clients will drive greater revenues

...to create value for shareholders.

Performance Highlights

For the Group for the year ended 31 December 2020

Revenue

£1.7m

(2019*: £1.2m)

Number of Clients

732

(2019*: 530)

Payments Flow

£462m

(2019*: £336m)

New Clients Onboarded

328

(2019*: 181)

Transformational Acquisitions

- **FXPress Payment Services**
- **Avila House**

Post Period

- **Admission to trading on AIM raising gross proceeds of £2.7m**

Financial Summary

- Revenue of £1.7m (2019*: £1.2m)
- Gross margin of 29.8% (2019*: 43.4%)
- Loss before tax of £2.2m (2019*: £0.08m loss), after incurring £1.2m in transaction costs and share-based payments during the year
- Loss per share of 14.99p (2019*: 0.73p loss)
- Cash and cash equivalents at 31 December 2020 of £0.2m (31 December 2019: £0.08m)
- Post period, raised gross proceeds of £2.7m through the placing of ordinary shares and convertible loan note facilities

* For the audited nine-month period to 31 December 2019

Chairman's Statement

I want to begin my maiden statement as Cornerstone's Chairman by acknowledging the contribution of all those involved in our successful IPO in April 2021. A trusted and dedicated team worked tirelessly to deliver our vision. We are now Cornerstone FS plc and have embarked on an ambitious journey.

Amid a year of global upheaval, 2020 was a milestone period for us; establishing Cornerstone's foundations, making two key acquisitions, and culminating, post period, in our admission to AIM.

We have come to the market to build a significant business in the provision of payment services; foreign exchange and currency risk management. We are focused on sector consolidation, supported by acquisitions, the expertise of our exceptional team, and our advanced and highly scalable platform.

Our IPO is a key part of this strategy as we believe using Cornerstone's shares as acquisition currency will be an attractive prospect for sellers. Acquisition and integration will provide economies of scale and enhanced profitability through a lower marginal cost base. We will also grow organically, broadening our products and services with multi-currency e-money accounts and leveraging open banking services, as well as increasing our sales & marketing efforts. Our in-house technology capability will enable expansion of the range of services and will accommodate effective integration of acquisitions.

As our CEO, Julian Wheatland, discusses further in his review, we are delivering this strategy against a supportive market backdrop. The UK is the leading international location for foreign currency trading. Outside of the large financial institutions, the market is highly fragmented comprising numerous small, specialist brokerages – many of which are struggling to meet increasing regulatory burdens and the cost of new technology. We are focused on SME customers, an expanding segment of the UK business landscape that is typically under-served by major banks and financial institutions. In addition, the UK's Open Banking Initiative provides the opportunity for us to develop additional services and functionality complementary to our existing offer. These trends support our ambitions.

We have the people in place who can execute on our strategy. Our management team includes the founders of FXPress (our main operating subsidiary) and also several recent high-calibre appointments who, together, bring extensive experience in the foreign exchange payments market and in building growth technology businesses. We have an accomplished Board that has a significant breadth and depth of experience; a track record of delivery in capital markets, corporate governance, and finance, as well as commercial expertise.

I look forward to working with our team and engaging with our stakeholders as we embark on our journey as a listed company and bring our strategy to life.

Elliott Mannis
Chairman
7 June 2021

Chief Executive Officer's Review

It is a great pleasure to present Cornerstone's first annual report as a public company – and my first as CEO. Cornerstone's successful IPO, which occurred, post period, in April 2021 and raised £2.7m, was an important milestone and a key element in our strategy to grow the business through acquisition as well as continuing development of our own highly scalable, cloud-based software platform.

The period under review in this annual report was transformational for Cornerstone. During 2020, we undertook two acquisitions to establish what Cornerstone is today: a fintech business that makes managing currency simple for international SMEs. While, along with the rest of the industry, our trading volumes were impacted by COVID-19, I am pleased to report that we successfully navigated the disruption caused by the pandemic and progressed the delivery of our strategy.

Our accomplishments of 2020 and subsequent IPO are thanks to our employees, customers, shareholders and the Board, to whom I express my gratitude.

Transformational Acquisitions

We completed the acquisition of FXPress Payment Services Ltd ("FXPress"), a provider of advanced payment systems as platform-as-a-service to SMEs, in September 2020. Alongside this, we disposed of the legacy Cornerstone consumer business, with FXPress becoming our main operating entity, and adopted the name 'Cornerstone FS plc' (having previously been 'Cornerstone Brands'). This marked our foundational step towards our goal of building a significant business in the provision of international payment services for SMEs.

Shortly thereafter, we acquired Avila House Limited ("Avila House"), a licensed small e-money institution. This expanded our product and service capability to provide clients with access to multi-currency accounts with individual IBAN numbers where they can deposit and retain funds for future use. By bringing together the e-money assets of Avila House and the technology of FXPress, we signalled our intention to establish a portfolio of products and services to optimise the foreign exchange payments process for small- and medium-sized businesses.

Performance

Ahead of the COVID-19 outbreak, FXPress, which is our main operating entity, was delivering strong growth, with revenue for the first half of 2020 being 28% ahead of the same period of 2019. However, the public lockdowns and associated reduction in economic activity led to a contraction in our trading volumes. As a result, for the full year, we delivered slight growth on a pro rata basis, with revenue of £1.7m for the 12 months ended 31 December 2020 compared with £1.2m for the nine months ended 31 December 2019.

The majority of this revenue continued to be generated by clients we serve on a white label basis, with revenue generated through our introducer network (which is primarily white label partners but also introducer brokers) accounting for 88% (2019 period: 84%). Clients we serve directly contributed 12% (2019 period: 16%) of total revenue. By client type, corporates accounted for 92% of total revenue (2019 period: 91%) and high net worth individuals accounted for 8% (2019 period: 9%). As at 31 December 2020, we had 732 active clients, compared with 530 a year earlier, and during the year onboarded 328 new clients (2019: 181).

Spot trades accounted for 94% of transactions (2019 period: 95%), and forward currency contracts for 6% (2019 period: 5%), and 87% of revenue (2019 period: 90%), with the difference reflecting the higher levels of commission charged on forward transactions.

During 2020, FXPress conducted transactions between 59 different currency pairs (2019 period: 43), with 88% of transactions being between various combinations of Sterling, Euros and US Dollars (2019 period: 89%).

In total, payments worth over £462m were transacted through our platform in 2020 compared with approximately £336m for the nine months ended 31 December 2019.

Product Enhancement

As part of our continued and ongoing programme of investment and development of our cloud-based technology platform, several enhancements were implemented during the year. In addition to integration with new banking and payment partners, we introduced new platform features including:

- virtual IBANs to allow each client to have their own account in their name with a unique IBAN;
- integration with Xero, a popular accounting platform, to allow seamless organisation of payment runs; and
- the launch of payment tracking, to allow clients to see the progress of their payments en route to the payee.

COVID-19

As noted, COVID-19 and the associated economic slowdown resulted in a reduction in our trading volumes compared with the start of the year. However, Cornerstone successfully navigated the transition from office to home working for our employees, in line with government guidance, and implemented a number of cost saving measures. Our operations continued effectively with no disruption to service provision. This was achieved thanks to the cloud-based nature of our platform as well as the commitment of our employees who, on behalf of the Board, I would like to thank for their efforts.

Brexit

I am pleased to note that our sales have not been directly impacted by the UK's withdrawal from the European Union. While, like the rest of the UK financial services industry, we are currently unable to market our services into the EU from the UK, we are not prevented from doing business in the region. We have relatively few European clients and they have continued to trade with us. We are also currently considering options to be able to resume marketing our services in the EU.

Markets

The onset of COVID-19 disrupted the growth trajectory of FX trading in the UK, with average daily turnover increasing by 49% between April 2016 and April 2019 only to decline by 15% by April 2020 (Bank of England's Foreign Exchange Joint Standing Committee survey). However, there was recovery towards the end of the year: in October 2020, while 10% below the same period of the prior year, average daily turnover was 7% higher than six months earlier. In addition, despite the pandemic as well as the UK's withdrawal from the European Union, the UK's exports market managed to grow by £0.7 billion in 2020.

Our target market also continued to expand in 2020. The number of SMEs in the UK increased during the year. Moreover, a study from Sage and Capital Economics found that, in response to the economic effects of COVID-19, many SMEs have turned to cross-border trade, with 67% of those surveyed either taking or considering measures to increase their revenue through exports in new markets. At the same time, the fundamental demand driver for our services remains: SMEs continue to seek better quality and more bespoke services than those provided by the major financial institutions traditionally dominating the foreign exchange market.

Strategy Execution & Outlook

In 2020, we took the initial steps in executing on our growth strategy. We brought together the FXPress platform and business with the Avila House e-wallet services under the Cornerstone umbrella. We invested in sales automation technology as part of our plan to increase our sales efforts and we made a strategic hire with the appointment of a highly experienced Chief Product Officer. We achieved a fundamental milestone, post period, with the completion of our IPO on AIM, which lays the foundations for our pursuit of further acquisitions.

Post year end, we have seen volumes increase and we have continued to expand our customer base. This year, we have opened 179 new customer accounts, increasing our total number of customers to over 810, which gives us a strong base on which to build.

While we are still at the beginning of our journey, with our strong team and highly scalable platform, we believe we are well-placed to take advantage of the meaningful opportunities to build a significant business offering technology-enabled international payment services. We look forward to reporting on our progress.

Julian Wheatland
Chief Executive Officer
7 June 2021

Our Services

Individual IBAN accounts

Transact in 20 currencies under your own name and IBAN, with the ability to have multiple accounts under one login.

Cornerstone

Services

Cornerstone has everything you need for doing business around the world.

Pay people and suppliers

Make international payments to overseas employees and settle invoices quickly and easily with our online app.

Access better exchange rates

Exchange currencies across 52 currency pairs at fair and transparent spot exchange rates that beat the bank.

Manage currency risk

Use forward contracts to manage your business's currency risk by locking in exchange rates for future dates.

Simplify your accounting

Reduce your admin work and error risk by connecting Cornerstone directly to your accounting system and streamlining your workflow.

We’re on a mission to reimagine the treasury and accounting workflow of businesses through our flagship product, bringing Open Banking, third party platforms and online multi-currency accounts together to provide finance teams with a 360 degree view of their financial operations.

Chief Financial Officer's Review

I am pleased to present the Chief Financial Officer's Review for the first annual report of Cornerstone FS plc. The 12 months ended 31 December 2020 covers a period prior to our IPO on AIM and primarily prior to the establishment of the Group.

Basis of preparation

Cornerstone completed the acquisition of FXPress Payment Services Ltd ("FXPress") on 9 September 2020. As FXPress reversed into Cornerstone, when it did not have an existing trade, the transaction cannot be considered a business combination, as at the time of the reverse takeover, Cornerstone did not meet the definition of a business, under IFRS 3 "Business Combinations". As the transaction is capital in nature and completed through the issue of shares, it falls within the scope of IFRS 2 'Share-based payments'. Any difference in the fair value of shares deemed to be issued by the legal subsidiary (FXPress) and the fair value of net identifiable assets in the legal parent (Cornerstone FS plc) will form part of the deemed cost of acquisition. In accounting for the acquisition of FXPress, the Group incurred a one-off share-based payment charge through its income statement of £0.2m. In addition, a merger relief reserve of £5.6m has been created at both the Group and Company level, and a negative reverse acquisition reserve created of £3.1m at the Group level.

While the consolidated financial information has been issued in the name of Cornerstone FS plc, the legal parent, it represents in substance the continuation of the financial information of the legal subsidiary, FXPress. As such, the prior-period comparatives for the nine-month period ended 31 December represent the results of FXPress only, and commensurate with FXPress' last accounting reference period. The results of Cornerstone have been added to the Group financials from 9 September 2020. The results of Avila House are consolidated within FXPress for the period following the acquisition on 19 October 2020 (see note 11 to the financial statements).

Financial performance

The Group's revenue for the 12 months to 31 December 2020 was £1.7m compared with £1.2m for the nine months to 31 December 2019, representing slight growth on a pro rata basis. This reflects a strong first half of the year being largely offset by a weaker second half due to the impact of the COVID-19 pandemic, as discussed further in the Chief Executive Officer's Review. Revenue was generated almost entirely from the provision of foreign exchange and payments services in the form of spot and forward trades, accounting for 87% and 13% of revenue respectively (nine-month period ended 31 December 2019: 90% and 10%).

The slight increase in total revenue was due to growth in the Group's core revenue streams, namely: sales generated from its introducer network (for revenue by origin), which primarily comprises revenue originating via white label partners and also introducer brokers, and sales from corporate clients for revenue by client type.

Revenue by origin Revenue generated via the Group's network of introducers was £1.4m for 2020 compared with £1.0m for the nine-month period ended 31 December 2019, accounting for 88% of total revenue (2019 period: 84%). Direct revenue was £0.2m for both 2020 and the prior nine-month period, accounting for 12% and 16% respectively.

Revenue by client type Corporate accounts remained the largest contributor to revenue by client type, generating £1.5m in 2020 (2019 period: £1.1m), accounting for 92% (2019 period: 91%) of total revenue. High net worth individuals ("HNWIs") generated £0.1m for both 2020 and the earlier period, accounting for 8% and 9% of total revenue respectively.

Gross margin for 2020 was 29.8% (2019 period: 43.4%) with the reduction due to both the increasing proportion of revenue derived through our introducer network and that revenue being more greatly weighted towards network partners who receive higher rates of commission.

Total administrative expenses were £2.7m in 2020 compared with £0.6m for the nine-month period ended 31 December 2019. This includes:

- £0.8m in costs related to the acquisitions of FXPress and Avila House and to the IPO (2019 period: £nil), which completed post year end;
- £0.4m in share-based payment charges (2019 period: £nil), including a £0.2m charge related to the reverse acquisition of FXPress; and
- staff and consultant costs of £0.9m compared with £0.3m in the nine-month period ended 31 December 2019 as the Group prepared itself for growth and its IPO.

The Group recognised a loss before tax of £2.2m for 2020 compared with £0.08m for the earlier period, which primarily reflects the greater administrative expenses, but also the lower gross margin. Loss per ordinary share on a basic and diluted basis was 14.99 pence (2019 period: 0.73 pence), primarily due to the greater loss, but also due to the larger share capital in 2020 (see note 14 to the financial statements).

Financial position

As at 31 December 2020, the Group had cash and cash equivalents of £0.2m (31 December 2019: £0.08m). This followed a pre-IPO fund raise during the year amounting to £1.0m, of which £0.8m was received in cash and £0.2m arose through the issue of new ordinary shares to settle service fee payments. During the year, the Group also continued to invest in the development of its technology platform, which accounted for £0.2m of the increase in intangible assets to £0.3m (31 December 2019: £0.01m).

Post period, the Group's balance sheet was strengthened with the raising of gross proceeds of £2.2m via a placing of new ordinary shares. The Group also has access to £0.45m in convertible loan note facilities (see note 19 to the financial statements).

Key performance indicators

The Group measures its performance using the following key indicators:

Revenue
- *Why it is a KPI:* This is the main source of income to the business and drives our business model.
- *Performance 2020:* £1.7m (2019 period: £1.2m)

Payments Flow
- *Why it is a KPI:* This is the volume of funds passing through our platform and is an indicator of its scalability. As we focus on acquisitive growth, we expect to see a significant increase here without a commensurate increase in opex.
- *Performance 2020:* £462m (2019 period: £336m)

New Clients Onboarded
- *Why it is a KPI:* It is a key indicator of future revenue growth, especially as we build out our product enhancements with a focus on making customers 'stickier'.
- *Performance 2020:* 328 (2019 period: 181)

Operating Expenses
- *Why it is a KPI:* Effective control of opex is key to the Group's strategy and an indicator of sound management.
- *Performance 2020:* £2.7m (2019 period: £0.6m)

Judy Happe
Chief Financial Officer
7 June 2021

Principal Risks and Uncertainties

The Directors consider the principal risks and uncertainties facing the Group, and the key measures taken to mitigate those risks, are as follows:

	Risk	How the risk is managed
Liquidity	There is a risk that the Group will not have sufficient capital to meet the regulatory capital requirement for an authorised financial services business and that it is unable to meet its financial obligations when due.	The Group operates a matched-principal brokerage model, meaning it executes a matching trade with its liquidity provider on receipt of a client order. The Group does not enter into speculative trades or trades funded from its own balance sheet and does not fund client margin calls from its own funds. In addition, the Group has an experienced finance team that provides effective management of the Group's operational financial exposures, with a strong focus on cash control.
Counterparty	There is a risk that the Group's liquidity services provider could terminate its agreement with the Group or that its systems may fail or are not operational for a period of time, which could have a materially adverse impact on the Group's business and operations.	The Group has a very good working relationship with Velocity Trade International Ltd, its liquidity services provider, and has been trading on agreed terms for over ten years. However, should Velocity choose to terminate the agreement or should its systems fail, the Group has arrangements in place to transfer its business to another liquidity provider.
Competition	There is a risk that competitors with greater financial resources may develop software that is superior to the Group's technology and they may also adopt more aggressive pricing models or undertake more extensive advertising and marketing campaigns. Such competitors may also attract the Group's key employees or prospective employees, which could impact the level of service that the Group can give to its customers or the ability to expand its service offering.	Significant barriers to entry exist in the markets in which the Group operates, such as the requirement for regulatory authorisation and the technical skill, expertise and experience required to develop a proprietary technology platform. The Group's management has extensive experience in the foreign exchange payments market, including of designing, building and running IT systems and departments in the financial services sector. A core tenet of the Group's strategy is to grow via acquisition to benefit from the scalability of its platform as well as enhance its technology or service

		offering. The Group's vision is to become an end-to-end solution for SME payments processing, which would further integrate the Group's technology into its customers' systems and increase 'stickiness'. The Board has established an employee share incentive scheme and the majority of its senior management are significant shareholders or option holders, aligning their interests with those of the Group.
Regulation	The Group's subsidiary, FXPress Payment Services Limited, is authorised and regulated by the FCA as an Authorised Payment Institution and Avila House Limited is a Small Electronic Money Institution. The withdrawal of, or any amendment to, a regulatory approval required by the subsidiaries or any of their Directors or employees could result in an adverse change to, or the cessation of, the Group's business or a material part thereof.	The Group employs an experienced Compliance and Money Laundering Reporting Officer who is responsible for monitoring the Group's activities, managing the Group's regulatory and reporting obligations and ensuring that all FCA requirements are adhered to. In addition, the Group retains the services of Compliancy Services, a specialist regulatory and compliance advisory service, to support the Compliance and Money Laundering Officer.
Macro-economic, including COVID-19	International trade is a key driver of demand for foreign exchange services. A slowdown in international trade caused by global macro-economic factors – such as economic and political conditions, and natural disasters and epidemics, including the ongoing impact of COVID-19 – could adversely impact the Group's business transaction turnover.	The Group's experienced management team seeks to adapt to adverse conditions. The cost base is closely monitored and cost saving measures would be implemented to maintain solvency if required. The Group's vision is also to broaden its offering to become an end-to-end payments solution provider for SMEs, which would diversify the revenue mix.
Information technology	There is a risk that the Group's technology platform may be compromised or breached by cyber-attacks and that it is unable to prevent or detect unauthorised access to, or disclosure of, clients' confidential personal and financial information. Such an event could result in breaches of obligations under applicable laws or clients agreements and have an adverse	The Group's platform is entirely deployed on Amazon Web Services, which is trusted by numerous major organisations that require robust, scalable, secure and cost-effective services. AWS has a number of internationally recognised certifications and accreditations demonstrating compliance with third-party assurance frameworks.

	impact on the Group's reputation and financial performance.	Additionally, the Group uses two factor authentication utilising OAuth2 protocol for client login and periodically commissions penetration testing of its systems.
Acquisitions	A key risk to the Group delivering its strategy is its ability to identify acquisition opportunities and execute successful acquisitions (including migrating those businesses onto the Group's platform), which is dependent on a number of factors, including sufficient funding.	The Directors of the Group have a demonstrable track record of business growth through mergers and acquisitions, and integration. The Group's platform has been designed to be scalable and it has the capability to process a significant increase in transaction volume without the need for any redesign of platform architecture. A key element of the Group's acquisition strategy is its ability to use its shares as acquisition currency.

Board of Directors

Elliott Michael Mannis, CPA, CA, Non-Executive Chairman

Committee Membership: Audit Committee, Remuneration Committee

Elliott is the Chairman and shareholder of London Bridge Capital (an FCA authorised corporate finance firm). Elliott was formerly Chief Executive at D1 Oils, an AIM listed biofuels business and, prior to that, he was Group Finance Director at AWG, the FTSE 250 holding company for Anglian Water. In addition to his role at London Bridge Capital, Elliott is Chairman of Permastore Group, the independent non-executive at Infram Energy, and is an ambassador (previously a Trustee) for the Woodland Trust. Elliott qualified as a Chartered Accountant with Price Waterhouse in Vancouver, Canada and holds Canadian professional accountancy designations. He has worked in Europe, principally the UK, since 1988.

Julian David Wheatland, CEng, Chief Executive

Julian is an experienced Chief Executive with an extensive track record of scaling technology businesses through organic growth and acquisition. Julian was Chief Executive of a £400m international technology investment portfolio at Consensus Business Group, before leaving in 2009 to establish Hatton International, a finance and technology advisory firm providing services to the defence and energy sectors. From 2007, Julian served as a non-executive director and then chairman of Strategic Communication Laboratories (later renamed SCL Group), which subsequently, in 2017, acquired SCL Analytics, the holding company for the SCL/Cambridge Analytica companies. From 2015 Julian was CFO and COO of the SCL/Cambridge Analytica companies and, after these companies experienced significant difficulties, in April 2018 became a Director and CEO of these companies in order to achieve an orderly wind down of the business and place the companies into administration/bankruptcy. Julian has held numerous directorships in an executive and non-executive capacity, in both private and public companies.

Judy Amanda Happe, ACA, Chief Financial Officer

Judy is an experienced corporate executive and Chief Financial Officer with a background in fundraising, mergers and acquisitions and post-deal integration. Most recently Judy was CFO of XenZone (now AIM listed Kooth Plc). Prior to that Judy was with AVG Technologies for seven years including a period after its acquisition by Avast Software in October 2016. Starting as finance director, Judy moved through a number of roles giving her responsibility for post-deal integration, management and guidance for AVG's portfolio of acquisitions and acting as joint single point of contact during the $1.3bn sale of AVG to Avast. Judy commenced her career as a chartered accountant with Saffrey Champness.

Glyn Anthony Barker, FCA, Independent Non-Executive Director

Committee Membership: Audit Committee (Chairman), Remuneration Committee

Glyn is currently a non-executive director of Transocean Ltd, Chairman of Berkeley Group plc, Chairman of Irwin Mitchell and Senior Advisor to Novalpina Capital. Glyn was previously Managing Partner of PwC UK and Senior Independent Director of Aviva plc.

Daniel Song Mackinnon, Independent Non-Executive Director

Committee Membership: Audit Committee, Remuneration Committee

Daniel ("Dan") is a corporate financier. After graduating from the University of Oxford, he began his career with Rothschild working as an analyst in the Consumer, Real Estate and Healthcare teams. He then joined Emerald Investment Partners as Investment Director, working in a small team alongside the founder to originate, structure and execute a variety of transactions across multiple sectors, jurisdictions and public as well as private markets. Amongst others, this included the IPO of Cairn Homes Plc in 2015, raising €440m on the LSE Main Market, the mezzanine debt financing component of a £1.6bn fully funded take-private bid for pub company Punch Taverns plc in 2016 and the 2018 acquisition of a £180m debt position in Interserve plc and worked on the subsequent restructuring, de-listing and equitisation alongside Cerberus, Davidson Kempner & Angelo Gordon.

Gareth Maitland Edwards, Non-Executive Director

Committee Membership: Audit Committee, Remuneration Committee (Chairman),

Gareth is a qualified solicitor and was previously a partner at law firm Pinsent Masons LLP, where he held both the positions of Global Head of Corporate and International Development Partner. He is currently a strategic consultant and an Executive Director of London Bridge Capital Limited, an FCA authorised corporate finance boutique. He has significant public markets experience and is Chairman of Honye Financial Services Limited and Senior Independent Director of Alina Holdings plc (previously known as The Local Shopping REIT plc) and Anemoi International Limited, which are all quoted on the London Stock Exchange; and he also brings significant AIM experience to the Board, having acted on the AIM Disciplinary and Appeals Committee until 2017 and is currently a Non-Executive Director of AIM quoted Various Eateries plc and Chairman of Nightcap plc.

Philip Barry, Non-Executive Director

Philip ("Phil") is a co-founder of FXPress. Having worked previously in both the financial and property sectors, Phil moved to Monaco in 2006 to work with John Paul Thwaytes, another co-founder of FXPress, to help manage the foreign exchange exposure of a company portfolio. In 2010, Phil, together with Bill Newton and John Paul Thwaytes founded FXPress.

Corporate Governance Report

The Board recognises the importance of sound corporate governance and the Group has adopted the Quoted Companies Alliance Corporate Governance (QCA Code). The Board considers that the Group complies with the QCA Code in all respects, and details of its compliance can be found on the Corporate Governance page of Cornerstone's website.

The Board

The Board is responsible for the management of the business of the Group, setting the strategic direction of the Group and establishing the policies of the Group. It is the Board's responsibility to oversee the financial position of the Group and monitor its business and affairs on behalf of the shareholders, to whom the Directors are accountable. The primary duty of the Board is to act in the best interests of the Group at all times. The Board will also address issues relating to internal control and the Group's approach to risk management.

The Group will hold board meetings monthly and whenever issues arise which require the urgent attention of the Board.

Processes are in place to ensure that each Director is, at all times, provided with such information as is necessary for them to discharge their duties.

The Board has adopted Terms of Reference, which have a clear and specific schedule of matters reserved for the Board, including corporate governance, strategy, major investments, financial reporting and internal controls.

Board Directors

The Board comprises two Executive Directors, a Non-Executive Chairman and four Non-Executive Directors of which two (Glyn Barker and Daniel Mackinnon) are deemed to be independent. The Board considers that Glyn and Daniel are independent in character and judgement and that there are no business or other relationships likely to affect, or which could appear to effect, their judgement. The Board believes that it has an appropriate balance of sector, financial and public markets skills and experience, an appropriate balance of personal qualities and capabilities and an appropriate balance between executive and non-executive directors.

The Non-Executive Directors are expected to devote at least two days per month to the affairs of the Group and such additional time as may be necessary to fulfil their roles. Brief biographical details of each of the Directors are set out in the Board of Directors section on pages 15-16.

Board Committees

The Group has established a remuneration committee (the "Remuneration Committee") and an audit committee (the "Audit Committee") with formally delegated duties and responsibilities.

The Remuneration Committee comprises Gareth Edwards as Chairman, Glyn Barker, Dan Mackinnon and Elliott Mannis, and meets not less than twice each year. The committee is responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the shareholders and the performance of the Group.

The Audit Committee comprises Glyn Barker as Chairman, Dan Mackinnon, Gareth Edwards and Elliott Mannis and meets not less than twice a year. The committee is responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Group is properly monitored and reported. In addition, the Audit Committee will receive and review reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of the Group.

Board Effectiveness

The Board will regularly review the effectiveness of its performance as a unit, as well as that of its committees, and the individual Directors and will monitor and promote a healthy corporate culture.

The Non-Executive Chairman is responsible for ensuring an effective Board. The Group intends to establish a formal process for evaluating the performance of the Board, the committees and the individual Directors against its objectives to ensure that members of the Board provide a relevant and effective contribution.

Shareholder Engagement

The Group will seek to engage with shareholders to understand the needs and expectations of all elements of the shareholder base.

The Board is committed to open and ongoing engagement with the Group's shareholders to understand the needs and expectations of all elements of the shareholder base. The Board will communicate with shareholders primarily through the annual report and accounts; the interim and full-year results announcements; trading updates (where required or appropriate); annual general meetings; the investor relations section of the Cornerstone website; and, in due course, regular meetings between the Chief Executive Officer, Chief Financial Officer and institutional investors and analysts to ensure that the Group's strategy, financials and business developments are communicated effectively.

The Chief Financial Officer is the primary contact for shareholders and there is a dedicated contact facility for shareholder questions and comments. The Group is supported in managing its shareholder relations by its financial PR adviser, Luther Pendragon.

Stakeholders

The Board believes that its stakeholders (other than shareholders) are its employees, its customers and its counterparties. In order to understand their needs, interests and expectations, the Group will work directly and closely with customers, counterparties and staff to enhance its products and software platform to provide the best FX trading experience.

The Group takes its corporate social responsibilities seriously and is focused on maintaining effective working relationships across a wide range of stakeholders, including employees, existing and new direct customers, Introducers, other intermediaries and professional advisers that it collaborates with as part of its business strategy, in order to achieve long-term success.

The Executive Directors will maintain an ongoing dialogue with stakeholders to inform strategy and the day-to-day running of the business.

Share Dealing Code

The Group has adopted and operates a share dealing code governing the share dealings of the Directors and applicable employees with a view to ensuring compliance with the AIM Rules. The Directors consider that this share dealing code is appropriate for a company whose shares are admitted to trading on AIM. The Group takes proper steps to ensure compliance by the Directors and applicable employees with the terms of the share dealing code and the relevant provisions of the AIM Rules.

Annual General Meeting

The next Annual General Meeting of the Group will be held at 11.00am on Wednesday 30 June 2021 at the Group's head office at 1 Poultry, London EC2R 8EJ. In view of the ongoing COVID-19 pandemic and the uncertainty regarding restrictions on travel and public gatherings, the Directors have decided that shareholders will not be permitted to attend the AGM in person. The Board remains committed to shareholder engagement and participation, and therefore shareholders will be able to access the meeting via teleconference link. Further details can be found in the Notice of AGM that has been published on the Group's website.

Section 172 Statement

Section 172 of the Companies Act 2006 requires each Director of the Group to act in the way he or she considers, in good faith, would most likely promote the success of the Group for the benefit of its members as a whole. In this way, Section 172 requires a director to have regard, amongst other matters, to the: likely consequences of any decisions in the long-term; interests of the Group's employees; need to foster the Group's business relationships with suppliers, customers and other material stakeholders; impact of the Group's operations on local communities and the environment; desirability of the Group maintaining a reputation for high standards of business conduct; and need to act fairly between members of the Group. In discharging its Section 172 duties, the Board has considered the factors set out above and the views of key stakeholders.

Details of the key stakeholder engagement undertaken, and intended, by the Group to inform decision-making and enhance Board understanding are set out below.

Customers
The Directors engage with direct customers on an informal basis to ensure that the Group's quality, efficiency and service levels meet both the standard expected by the customer and the very high standards the Group sets for itself.

Employees
The Directors intend to engage regularly with employees and maintain an open dialogue. Due to the small size of the Group's current workforce, this is currently conducted on an ad hoc basis, but the Directors intend to implement a formal structure as the team expands.

Counterparties, white label partners and introducers
The Group operates an extensive network of white label and introducing broker relationships and there is a regular and ongoing dialogue with these business partners, proportional to their scale and importance to the Group.

The Group's principal counterparties, such as its liquidity provider, Velocity, are some of its longest standing stakeholder relationships and the Directors aim to have regular interaction with these partners.

Investors
The Board is committed to open and ongoing engagement with the Group's shareholders to understand the needs and expectations of all elements of the shareholder base. The Board will communicate with shareholders primarily through the annual report and accounts, announcements issued via the Regulatory News Service and the Annual General Meeting. There is a dedicated contact facility for shareholder questions and comments on the website.

Audit Committee Report

Dear shareholder,

I am pleased to present Cornerstone's maiden Audit Committee report following our IPO in April 2021. The year under review in this annual report covers a period prior to the establishment of the Audit Committee, however I wish to take this opportunity to introduce you to the members of the committee and our role going forward.

Membership and meetings

The members of the Audit Committee are:

- Glyn Barker (Chairman), Independent Non-Executive Director
- Elliott Mannis, Non-Executive Chairman
- Gareth Edwards, Non-Executive Director
- Daniel Mackinnon, Independent Non-Executive Director

The Audit Committee members, which include our two Independent Non-Executive Directors, bring a wealth of relevant financial, commercial and capital markets experience. In particular, Elliott Mannis qualified as a Chartered Accountant with Price Waterhouse in Canada and was Group Finance Director at AWG, the FTSE 250 holding company for Anglian Water, and I had a 35-year career with PwC, holding a number of senior posts including Managing Partner and Head of Assurance. Further biographical details can be found in the Board of Directors section on pages 15-16.

The Audit Committee will meet at least twice a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required. Only members of the committee have the right to attend the meetings. However, the Chief Financial Officer and external audit lead partner will be invited to attend on a regular basis and other non-members may be invited to attend as and when appropriate and necessary.

The Company Secretary is secretary to the Audit Committee.

Governance and effectiveness

Outside of the formal meeting programme, the Chairman of the Audit Committee and, as appropriate, the other committee members, will maintain a dialogue with key individuals involved in the Group's governance, including the Chairman of the Board (who is a member of the committee), the Chief Executive, the Chief Financial Officer and the external audit lead partner.

The committee undertakes its duties in accordance with its terms of reference, which will be reviewed at least annually to ensure that they remain fit for purpose and in line with best practice guidelines. The committee will arrange for periodic reviews of its own performance to ensure it is operating at maximum effectiveness.

Responsibilities and activities

The Audit Committee's responsibility is to ensure that financial information published by the Group properly presents its activities to stakeholders in a way that is fair, balanced and understandable. The Audit Committee oversees the effective delivery of audit services, including making recommendations to the Board on the appointment of auditors and the audit fee. In addition, the Audit Committee supports the Board in meeting its responsibilities in respect of overseeing the Group's internal control systems, business risk management, arrangements for whistleblowing and related compliance issues.

As noted above, going forward we will also report in the Group's Annual Report on our activities during the year under review. This will include, among other matters, an explanation of how the Audit Committee has addressed the effectiveness of the external audit process; the significant issues that the committee considered in relation to the financial statements; and how these issues were addressed.

Since its establishment in March 2021, the Audit Committee has met to approve the appointment of Haysmacintyre LLP as auditor and to approve this Annual Report and financial statements. In its advisory capacity, the Audit Committee confirmed to the Board that, based on its review of the Annual Report and financial statements and internal controls that support the disclosures, the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable, and provide necessary information for shareholders to assess the Group's position and performance, its business model and strategy.

Risk management and internal controls

In supporting the Board in maintaining an effective internal control environment, the Audit Committee will keep under review the Group's internal financial controls systems and other internal control and risk management systems; review the methodology for reporting risk to the Board; set triggers for reporting and escalation of significant emerging risks; review the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters; and review the Group's procedures for detecting fraud and preventing bribery and receive reports on non-compliance.

The Group has established a risk framework including a risk register that is managed by the Chief Financial Officer and risk management policies, including anti-bribery, corruption, anti-money laundering and financial crime, financial risk, fraud, information technology and security policies. The risk register is intended to be signed off annually by the Board and included in the Annual Report. The Chief Executive Officer and the Audit Committee intend to review the risk register regularly throughout the year.

In providing foreign exchange services to its clients, the Group is subject to legal requirements to deter and detect financial crime and is required to maintain a framework with appropriate mitigation measures and control mechanisms to manage the operational and security risks relating to the payment services it provides. Accordingly, the Group has implemented policies, controls and procedures to mitigate and effectively manage the risks of money laundering and terrorist financing. The Group conducts reviews of its anti-money laundering compliance using specialist third party compliance experts, with the most recent compliance audit concluding in May 2020. The Group is also required to submit regular reports to the FCA on a range of subject matters in this regard.

Further details of the Group's financial risk management are set out under note 16 to the financial statements.

Internal audit

At present, the Group does not have an internal audit function. The Audit Committee believes that, owing to the Group's size, management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without an internal audit function. However, the Audit Committee will keep under review the need for an internal audit function as the business develops.

External auditor and independence

Haysmacintyre LLP were appointed as external auditor in April 2021 following a competitive tender process. The auditor confirmed its independence as auditor of the Group through written confirmation to the Group, and the Audit Committee monitors the relationship to ensure that auditor independence and objectivity are maintained.

A summary of fees paid to the external auditor, including the breakdown between fees for audit and non-audit services, is set out in note 2 to the financial statements.

Glyn Barker
Audit Committee Chairman
7 June 2021

Directors' Remuneration Report

The Remuneration Committee presents its report on Directors' remuneration for the year ended 31 December 2020. The disclosures comply with the requirement of the Companies Act 2006, the Corporate Governance Code of the Quoted Companies Alliance and applicable AIM Rules.

Remuneration Committee

The Remuneration Committee was established in March 2021 in preparation for the Group's IPO. Its members are:

- Gareth Edwards (Chairman), Non-Executive Director
- Elliott Mannis, Non-Executive Chairman
- Glyn Barker, Independent Non-Executive Director
- Daniel Mackinnon, Independent Non-Executive Director

The Remuneration Committee will meet at least twice each year. The committee is responsible for the review and recommendation of the scale and structure of remuneration for the Chairman, the Executive Directors and senior management, including any bonus arrangements or the award of share options with due regard to the interests of the shareholders and the performance of the Group. The remuneration of the Non-Executive Directors is a matter for the Board or the shareholders (within the limits set in the articles of association). No director or senior manager shall be involved in any decisions as to their own remuneration.

Service Agreements

The Executive Directors are employed under service agreements that are subject to notice periods, for both the Group and the individual, of nine months for the Chief Executive Officer and six months for the Chief Financial Officer. Their service agreements include standard summary termination provisions and post termination restrictive covenants that apply for nine and six months for the Chief Executive Officer and Chief Financial Officer respectively.

The Executive Directors are entitled to receive an annual salary of £180,000 and £140,000 for the Chief Executive Officer and the Chief Financial Officer respectively, with an entitlement to a pension contribution and discretionary bonus.

In addition, the Group has entered into agreements with the Executive Directors to make an annual grant of options equal to 5% and 1.5%, for the Chief Executive Officer and Chief Financial Officer respectively, of any increase in the fully diluted capital of the Company which has occurred in the 12 months immediately prior to the date of grant to be exercisable at a price equal to the average mid-market closing price of the Ordinary Shares over the relevant 12-month period.

Letters of Appointment

Non-Executive Directors are appointed under a letter of appointment with the Group. Non-Executive Director appointments are subject to notice periods of three months for either the Group or the individual.

The Chairman will receive a fee of £50,000 per annum and is entitled to an annual payment of £28,000 payable through the allotment of Ordinary Shares priced at the average mid-market closing price for the ten business days prior to such payment being made. Following the audited consolidated turnover of the Group exceeding £8 million, the Chairman will become entitled to receive a fee of £65,000 per annum and his entitlement to payment in shares will be £37,000 per annum.

The Non-Executive Directors (excluding the Chairman) will receive a fee of £35,000 per annum and is entitled to an annual payment of £20,000 payable through the allotment of Ordinary Shares priced at the average mid-market closing price for the ten business days prior to such payment being made. Following the audited consolidated turnover of the Group exceeding £8 million, the Non-Executive Directors will become entitled to receive a fee of £50,000 per annum and their entitlement to payment in shares will be £28,000 per annum.

Directors' Remuneration

The following table details the Directors' remuneration for the years ended 31 December 2020 and 2019:

	Salary/ Fees £	Bonus £	Pension £	Benefits £	Total 2020 £	Total 2019 £
Executive Directors						
Julian Wheatland, CEO[1]	85,000	-	-	-	85,000	-
Judy Happe, CFO[2]	22,436	-	-	-	22,436	-
Non-Executive Directors						
Elliott Mannis, Chairman[3]	-	-	-	-	-	-
Glyn Barker[3]	-	-	-	-	-	-
Gareth Edwards[4]	-	-	-	-	-	-
Daniel Mackinnon[3]	-	-	-	-	-	-
Philip Barry[5]	9,350	-	-	-	9,350	-

1. Appointed as a director of Cornerstone Brands Ltd on 22 July 2020. Service agreement with Cornerstone FS plc effective 1 October 2020.
2. Appointed 4 November 2020.
3. Appointment effective 6 April 2021.
4. Appointed as a director of Cornerstone Brands Ltd on 22 July 2020. Appointment as a Non-Executive Director of Cornerstone FS plc effective as of 6 April 2021.
5. Philip Barry was a director of FXPress prior to its acquisition by Cornerstone on 9 September 2020 and he was paid £58,000 in fees during 2020 (9 months ended 31 December 2019: £21,000), of which £9,350 covered the post-acquisition period. Mr Barry's appointment as a Non-Executive Director of Cornerstone became effective 6 April 2021.

In addition to the above, a share-based compensation charge of £20,088 was recognised in the year ended 31 December 2020 in respect of options granted to Directors (as disclosed in the following Directors' Interests paragraph). The charge represents the fair value of options at the date of grant, recognised over the vesting period and comprised £15,452 in respect of Julian Wheatland and £4,636 in respect of Judy Happe.

Social security costs of £9,453 were incurred in respect of the Directors' remuneration listed above.

Directors' Interests

During the year to 31 December 2020, the Group granted to directors the following options over ordinary shares:

	Date of grant	Number of options	Earliest date of vesting	Exercise price
Julian Wheatland, CEO	2 December 2020	922,677	2 December 2021	50 pence
Judy Happe, CFO	2 December 2020	276,803	2 December 2021	50 pence

The Group also agreed to make an annual grant of additional options to Julian Wheatland and Judy Happe equal to 5% and 1.5% respectively of any increase in the fully diluted capital of the Group which has occurred in the 12 months immediately prior to the date of grant to be exercisable at a price equal to the average mid-market closing price of the ordinary shares over the relevant 12-month period.

No other options are held by Directors.

As at the date of publication of this Annual Report, the interests of the Directors in the share capital of the Group were as follows:

	Number of ordinary shares	Percentage of issued share capital
Executive Directors		
Julian Wheatland, CEO	24,593	0.12
Judy Happe, CFO	8,196	0.04
Non-Executive Directors		
Elliott Mannis, Chairman	199,852	0.99
Glyn Barker	22,728	0.11
Gareth Edwards	327,952	1.62
Daniel Mackinnon	0	0
Philip Barry*	3,561,922	17.57

* Philip Barry's holding includes 356,173 ordinary shares of which he is not the beneficial holder.

Directors' Report

The Directors present their annual report and audited consolidated financial statements for the year ended 31 December 2020.

Principal Activities

Cornerstone FS plc provides international payment, currency risk management and electronic account services using its proprietary cloud-based multi-currency payments platform. The Group primarily provides these services, on a white label SaaS basis via third-party aggregators, to SMEs that engage in international trade. A minority of the Group's revenue is derived from servicing clients directly and from high-net worth individuals. The business also provides same currency payment services for its customers and provides liquidity services to other foreign exchange brokers.

Business Review and Results

The review of the Group's business, strategy, principal risks and uncertainties and outlook are included in the Strategic Report section on pages 2-14. The consolidated financial statements for the year ended 31 December 2020 are set out on pages 38-67. The Group's loss after taxation for the year was £2.2 million.

Dividends

The Directors do not recommend the payment of a dividend for 2020. The Directors do not anticipate paying dividends for at least two years following the IPO to enable the Group to focus and apply its resources to growth, both organically and through acquisition.

Directors

The following Directors held office during the year and up to the date of the approval of these financial statements (unless as otherwise indicated):

- Elliott Mannis (appointment effective 6 April 2021)
- Julian Wheatland (appointed as a director of Cornerstone Brands Ltd on 22 July 2020; service agreement with Cornerstone FS plc effective 1 October 2020)
- Judy Happe (appointed 4 November 2020)
- Glyn Barker (appointment effective 6 April 2021)
- Gareth Edwards (appointed as a director of Cornerstone Brands Ltd on 22 July 2020; appointment as a Non-Executive Director of Cornerstone FS plc effective 6 April 2021)
- Daniel Mackinnon (appointment effective 6 April 2021)
- Philip Barry (appointment effective 6 April 2021)

Biographies of the Directors, including their Board committee memberships, are set out on pages 15-16. Details of the Directors' remuneration and their interests in the share capital of the Group can be found in the Directors' Remuneration Report on pages 24-26.

Directors' Indemnity

All Directors and officers of the Group have the benefit of the indemnity provision contained in the Group's Articles of Association. The Group also has Directors' and Officers' liability insurance in respect of itself and its directors and officers.

Share Capital

Cornerstone FS plc is a public limited company incorporated in England and Wales and its shares are quoted on the AIM market of the London Stock Exchange. As at the date of approval of this Directors' Report, the outstanding issued share capital of the Group comprised 20,277,582 ordinary shares of £0.01 each. There are no shares held in treasury. Further detail on the Group's share capital can be found in note 14 to the financial statements.

Significant Shareholders

As at the date of approval of this Directors' Report, to the best of the Group's knowledge, the following shareholders had a significant interest in the Group's issued share capital:

Name	Number of shares	% of issued share capital
Philip Barry*	3,561,922	17.57
William Newton**	2,530,787	12.48
Stephen Flynn	2,435,442	12.01
John Paul Thwaytes	1,605,569	7.92
Robert Lee	1,426,635	7.04
Terence Everson	773,690	3.82
Vela Technologies plc	645,902	3.19
David Ryan***	622,000	3.07

* Philip Barry's holding includes 356,173 ordinary shares of which he is not the beneficial owner
** William Newton's holding includes 81,967 ordinary shares registered in the name of his wife
*** David Ryan's holding includes 270,000 ordinary shares registered in the name of his wife

Subsequent Events

On 26 February 2021, 24,326 Ordinary Shares were issued at a price of £0.407 each on the exercise of warrants.

On 17 March 2021, the Company and William Newton entered into a facility to borrow £350,000 from William Newton at any time until 31 December 2023 on not less than 20 Business Days' notice in consideration of the Company issuing William Newton with 6% unsecured convertible loan notes 2024.

On 25 March 2021, the Company and Robert Lee entered into a facility to borrow £100,000 from Robert Lee at any time until 31 December 2023 on not less than 20 Business Days' notice in consideration of the Company issuing Robert Lee with 6% unsecured convertible loan notes 2024. A drawdown notice was issued to Mr Lee on 17 May 2021 requesting payment of the £100,000 loan by 14 June 2021.

The convertible loan notes 2024 bear interest at the rate of 6% per annum and will be redeemable on the occurrence of usual events of default and, in any event, on 31 March 2024. They may be converted in tranches of £50,000 at a subscription price of 61 pence per share at any time until a redemption notice is served.

On 6 April 2021 the Company was admitted to AIM, London Stock Exchange's market for small and medium size growth companies. The Company placed 3,664,648 new ordinary shares at a price of 61 pence per ordinary share, raising gross proceeds of £2,235,435. The shares sold under the placing represent approximately 18 per cent of the Company's issued share capital. In connection with the Company's listing, 63,114 warrants were issued to the Company's broker, Peterhouse Capital Limited, on 6 April 2021 with an exercise price of 61 pence per share and expiry date of 6 April 2023.

There are no other events subsequent to the balance sheet date that require disclosure in these financial statements.

Financial Instruments

Disclosures regarding financial instruments are provided in note 16 to the financial statements.

Donations

The Group did not make any political or charitable donations during the year.

Corporate Governance

A review of the Group's corporate governance is provided in the Corporate Governance Report on pages 17-19.

Stakeholder Engagement

Details of the Group's engagement with stakeholders can be found in the Section 172 Statement on page 20 and in the Corporate Governance Report on pages 17-19.

Auditor

Haysmacintyre LLP have expressed their willingness to continue in office as auditor. A resolution to reappoint Haysmacintyre as the Group's auditor will be proposed at the Annual General Meeting on Wednesday 30 June 2021.

Disclosure of Information to Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and each Director has taken all the steps they might reasonably be to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Going Concern

During the year ended 31 December 2020, the Group made a loss of £2,154,698, which has resulted in the balance sheet showing a net liabilities position of £135,923. Post year-end, the Group's balance sheet was strengthened with the raising of gross proceeds of £2.2m via a placing of new ordinary shares following the Company's admission to AIM. The Group also has access to £0.45m in convertible loan note facilities.

The Directors have prepared a cash flow forecast covering a period extending 24 months from 31 December 2020. The Directors have taken into account the placing proceeds mentioned above, the historical growth and the inherent risks and uncertainties facing the Group's business, and have derived forecast assumptions that are their best estimate of the future development of Group's business. The Directors have also run various scenario planning forecasts alongside their best-estimate forecast assumptions which all indicate sufficient cash resources to continue to finance the Group's working capital requirements over the forecast period.

The Directors are mindful of COVID-19 and the impact that this has had on operations is discussed further in note 20. The Board have reviewed forecasts in light of this and do not consider there to be any material uncertainties pertaining to the Group's ability to discharge its liabilities as they arise.

For these reasons, the Directors continue to adopt the going concern basis of accounting in preparing the Group's financial statements.

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group and Company; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Julian Wheatland
Chief Executive Officer
7 June 2021

FINANCIAL STATEMENTS

For the year ended 31 December 2020

Independent Auditor's Report

TO THE MEMBERS OF CORNERSTONE FS PLC

Opinion

We have audited the financial statements of Cornerstone FS PLC (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included, but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Group and the Parent's ability to continue as a going concern;
- Evaluating the methodology used by the directors to assess the Group and the Parent's ability to continue as a going concern;
- Reviewing the directors' going concern assessment and evaluating the key assumptions used and judgments applied;

- Reviewing the liquidity headroom and applying a number of sensitivities to the base forecast assessment of the directors to ensure there was sufficient headroom to adopt the going concern basis of accounting;
- Reviewing the appropriateness of the directors' disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter Description	How the matter was addressed in the audit
Reverse Acquisition accounting in the Group's financial statements	
On 9 September 2020 the Parent Company acquired the entire share capital of FXPress Payment Services Limited ("FXPress") satisfied by the issue of 1,401,275,638 ordinary shares for a consideration of £5,697,773. The acquisition has been treated as a Reverse Takeover since following the transaction, 96.42% of the shares in the Parent Company, were owned by previous FXPress shareholders. The Parent Company did not have an existing trade prior to the transaction and therefore did not meet the definition of a business, in accordance with IFRS 3: "Business Combinations" ("IFRS 3") The transaction could not be considered to be a business combination and has been treated as a share-based payment transaction in accordance with IFRS 2 Share-based Payment ("IFRS 2") There is a risk that the accounting treatment does not follow the requirements of IFRS 2 and IFRS 3.	Our audit work reviewed and considered the Board's assessment that the: • Transaction was a Reverse Takeover • Parent Company was not a business prior to the transaction and therefore the transaction was not a business combination • Transaction was a share-based payment within the scope of IFRS 2 We also reviewed the valuation of the share-based payment of £211,000 and the assumptions which underpinned it, as well as the consolidation adjustments in respect of the transaction.

The Board assessed the full details of the takeover, concluding that the legal acquirer could not be defined as a business and therefore the accounting treatment should be in accordance with IFRS 2 and not IFRS 3. This has been reflected within the financial statements.	
Valuation of investments in the Parent Company's financial statements	**How the matter was addressed in the audit**
The Parent Company acquired a new subsidiary, FX Press. The Parent Company's Statement of Financial Position as at 31 December 2020 includes a total investment of £6,147,773, in 100% of the ordinary share capital of FXPress. There is a risk that this investment might be overstated within the financial statements. The Board concluded that there no impairment required to the carrying value of the investment, based on their assessment of the forecasted future cash flows of the business and the proximity of the acquisition to the year-end. Since 31 December 2020, the Parent Company has floated on AIM and raised cash to support its growth plans.	Our audit work considered, but was not restricted to, the following work: • A review of the calculation of the valuation of the initial investment in FXPress in line with the transaction documentation to ensure that the value had been calculated correctly. • A review of the impairment assessment prepared by the Board in respect of the carrying value of the investment in FXPress in accordance with the forecast performance in all scenarios. • A review of post year-end activity of the business.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, in evaluating the effect of misstatements and in forming an option. For the purpose of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of a misstatement or an omission from the financial statements, or related disclosures, that would make it probable that the judgment of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality, which we used to determine the extent of testing need, to reduce to an appropriately low level the risk that the aggregate of uncorrected and undetected misstatement exceeds materiality for the financial statements as a whole.

The materiality for the Group financial statements as a whole was set at £118,000. This was determined with reference to a combination of 2% of gross assets of the Parent Company, since a key performance indicator ("KPI") is the valuation of the business and 5% of the projected Group loss for the year, the loss being a combination of both the revenue and operating expenses KPIs in an exceptional year.

On the basis of our risk assessment and review of the Group's control environment, performance materiality was set at 75% of materiality, being £88,500.

The reporting threshold to the Audit and Risk Committee was set as 5% of materiality, being £5,900. If in our opinion differences below this level warranted reporting on qualitative grounds, these would also be reported.

The materiality for the Parent Company financial statements was set at the same level as noted above.

On the basis of our risk assessment and review of the Parent Company's control environment, performance materiality was set at 75% of materiality, being £88,500 and the reporting threshold was the same as the Group.

An overview of the scope of our audit

Our audit scope included all components of the Group which are all registered companies in the United Kingdom. Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Group. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Group and the internal control environment when assessing the level of work to be performed.

Based on our assessment of the accounting processes, the industry in which the Group operates and the control environment we concluded that it was appropriate to undertake an entirely substantive audit approach. Our audit procedures included testing of income and expenditure, assets, liabilities and equities. We have set out how we tested the key audit matters in the Key Audit Matters section above.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the Investment advisory business and trade regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgments made by management in their critical accounting estimate.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Wilks
(Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP
Statutory Auditors
Date: 7 June 2021

10 Queen Street Place
London
EC4R 1AG

Group Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 £	9-month period ended 31 December 2019 £
REVENUE	1	1,664,237	1,240,938
Cost of sales		(1,167,929)	(702,000)
GROSS PROFIT		496,308	538,938
ADMINISTRATIVE EXPENSES	2		
Share-based compensation	14	(358,443)	-
Further adjustments to underlying profit from operations (see below)		(793,577)	-
Other administrative expenses		(1,499,589)	(620,117)
TOTAL ADMINISTRATIVE EXPENSES		(2,651,609)	(620,117)
Underlying loss from operations		(1,003,281)	(81,179)
Stated after the add back of:			
- share-based compensation on reverse acquisition	14	211,281	-
- other share-based compensation	14	147,162	-
- transaction costs		793,577	-
LOSS FROM OPERATIONS	2	(2,155,301)	(81,179)
Finance and other income	3	603	-
Finance costs	3	-	(370)
LOSS BEFORE TAX		(2,154,698)	(81,549)
Income tax expense	6	-	-
LOSS FOR THE YEAR		(2,154,698)	(81,549)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(2,154,698)	(81,549)
Loss per ordinary share – basic & diluted (pence)	7	(14.99)	(0.73)

All amounts are derived from continuing operations.

The Notes to the Financial Statements form an integral part of these financial statements.

Group and Company Statement of Financial Position

As at 31 December 2020

	Notes	Group 31 December 2020 £	Group 31 December 2019 £	Company 31 December 2020 £	Company 31 July 2020 £
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	8	320,972	6,076	226,278	-
Tangible assets	9	8,464	1,050	-	-
Investments	10	-	-	6,147,773	100
		329,436	7,126	6,374,051	100
CURRENT ASSETS					
Trade and other receivables	12	570,159	355,370	238,810	95,000
Cash and cash equivalents		183,675	78,265	96,394	-
		753,834	433,635	335,204	95,000
TOTAL ASSETS		1,083,270	440,761	6,709,225	95,100
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	165,887	91,559	165,887	286
Share premium		951,422	1,543,988	951,422	8,186,967
Share-based payment reserve		54,215	-	54,215	-
Merger relief reserve		5,557,645	-	5,557,645	-
Reverse acquisition reserve		(3,140,631)	-	-	-
Retained earnings		(3,724,461)	(1,569,763)	(1,083,751)	(8,092,153)
TOTAL EQUITY		(135,923)	65,784	5,645,418	95,100
CURRENT LIABILITIES					
Trade and other payables	13	1,219,193	374,977	1,063,837	-
TOTAL EQUITY AND LIABILITIES		1,083,270	440,761	6,709,255	95,100

A separate profit and loss account for the parent company is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006. The Company loss for the five-month period ended 31 December 2020 was £1,173,655 (seven-month period ended 31 July 2020: profit of £63,418).

The financial statements were approved by the Board of Directors and authorised for issue on 7 June 2021 and are signed on its behalf by:

Julian Wheatland
Chief Executive Officer

Group Statement of Changes in Equity
For the year ended 31 December 2020

	Share capital	Share premium	Share-based payment reserve	Merger relief reserve	Reverse acquisition reserve	Retained earnings	Total
	£	£	£	£	£	£	£
Balance at 1 April 2019	82,496	1,146,676	-	-	-	(1,488,214)	(259,042)
Issue of shares	9,063	397,312	-	-	-	-	406,375
Loss and total comprehensive income for the year	-	-	-	-	-	(81,549)	(81,549)
Balance at 31 December 2019	91,559	1,543,988	-	-	-	(1,569,763)	65,784
Parent company reflected on reverse acquisition	5,197	-	-	-	-	-	5,197
Issue of FXPress Payment Services Ltd shares prior to acquisition	12,037	565,426	-	-	-	-	577,463
Share-based payments for FXPress Payment Services Ltd shares prior to acquisition	-	-	92,947	-	-	-	92,947
Costs of raising equity in FXPress Payment Services Ltd	-	(50,000)			-	-	(50,000)
Reverse acquisition adjustment	(103,596)	(2,059,414)	(92,947)	-	2,557,142	-	301,185
Issue of shares	20,562	1,007,557	-	-	-	-	1,028,119
Issue of consideration shares	140,128	-	-	5,557,645	(5,697,773)	-	-
Costs of raising equity	-	(56,135)	-	-	-	-	(56,135)
Share-based payments (note 14)	-	-	54,215	-	-	-	54,215
Loss and total comprehensive income for the year	-	-	-	-	-	(2,154,698)	(2,154,698)
Balance at 31 December 2020	165,887	951,422	54,215	5,557,645	(3,140,631)	(3,724,461)	(135,923)

Company Statement of Changes in Equity

For the five months ended 31 December 2020

	Share capital £	Share premium £	Share-based payment reserve £	Merger relief reserve £	Retained earnings £	Total £
Balance at 1 January 2020	286	8,186,967	-	-	(8,155,571)	31,682
Profit and total comprehensive income for the period	-	-	-	-	63,418	63,418
Balance at 31 July 2020	286	8,186,967	-	-	(8,092,153)	95,100
Bonus issues	4,911	(4,911)	-	-	-	-
Capital reduction	-	(8,182,057)	-	-	8,182,057	-
Issue of consideration shares	140,128	-	-	5,557,645		5,697,773
Issue of other shares	20,562	1,007,558	-	-	-	1,028,120
Costs of raising equity	-	(56,135)	-	-	-	(56,135)
Share-based payments	-	-	54,215	-	-	54,215
Loss and total comprehensive income for the period	-	-	-	-	(1,173,655)	(1,173,655)
Balance at 31 December 2020	165,887	951,422	54,215	5,557,645	(1,083,751)	5,645,418

Group and Company Cash Flow Statement

For the year ended 31 December 2020

	Notes	Group Year ended 31 December 2020 £	Group 9-month period ended 31 December 2019 £	Company 5-month period ended 31 December 2020 £	Company 7-month period ended 31 July 2020 £
Loss before tax		(2,154,698)	(81,549)	(1,173,655)	63,418
Adjustments to reconcile profit before tax to cash generated from operating activities:					
Finance income	3	(603)	-	(603)	-
Finance costs	3	-	370	-	-
Share-based compensation	14	358,443	-	54,215	-
Depreciation and amortisation	8,9	22,270	3,656	16,638	26,541
(Increase)/decrease in accrued income, trade and other receivables		(83,297)	(120,731)	(370,302)	800,188
Increase/(decrease) in trade and other payables		1,000,240	96,290	1,069,655	(1,315,279)
Cash used in operations		(857,645)	(101,964)	(404,052)	(425,132)
Income tax paid		-	-	-	-
Cash used in operating activities		(857,645)	(101,964)	(404,052)	(425,132)
Investing activities					
Acquisition of property, plant and equipment	9	(9,144)	-	-	-
Acquisition of intangible assets	8	(335,436)	-	(242,916)	-
Cash used in investment activities		(344,580)	-	(242,916)	-
Financing activities					
Shares issued (net of costs)	14	1,212,032	406,375	647,759	-
Repayment of shareholder loans		-	(381,300)	-	-
Loans received		95,000	-	95,000	-
Interest and similar income		603	-	603	-
Interest and similar charges		-	(370)	-	
Cash generated from financing activities		1,307,635	24,705	743,362	-
Increase/(decrease) in cash and cash equivalents		105,410	(77,259)	96,394	(425,132)
Opening cash and cash equivalents		78,265	155,524	-	425,132
Closing cash and cash equivalents		183,675	78,265	96,394	-

Notes to the Financial Statements
For the year ended 31 December 2020

BASIS OF PREPARATION

Cornerstone FS plc is a public limited company, incorporated and domiciled in England. The Company was admitted to AIM, London Stock Exchange's market for small and medium size growth companies, on 6 April 2021. The registered office of the Company is The Old Rectory, Addington, Buckingham, England, MK18 2JR, and its principal business address is 1 Poultry, London, EC2R 8EJ. The main activities are set out in the Strategic Report on pages 2-14.

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") for the year ended 31 December 2020 and the comparative 9-month period to 31 December 2019, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared in sterling, which is the Group's presentation currency and the functional currency of each Group entity. They have been prepared using the historical cost convention except for the measurement of certain financial instruments.

The parent company accounts have also been prepared in accordance with IFRS and using the historical cost convention. The accounting policies set out below have been applied consistently to the parent company where applicable.

Monetary amounts in these financial statements are rounded to the nearest pound.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

NEW STANDARDS AND INTERPRETATIONS
As of the date of approval of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 17 Insurance Contracts (effective p/c on or after 1 January 2021).
- Amendments to IAS 1, presentation of financial statements on classification of liabilities (effective p/c on or after 1 January 2022).

Some of these standards and amendments have not yet been endorsed by the EU which may cause their effective dates to change.

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group. The Group does not intend to apply any of these pronouncements early.

IMPACT OF NEW INTERNATIONAL REPORTING STANDARDS, AMENDMENTS AND INTERPRETATIONS
The following Standards and Interpretations have been considered and applied in these financial statements:

- IFRIC 23 Uncertainty over Income Tax Positions
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Amendments to IAS 28 Long-term interests in Associates and Joint Ventures
- IFRS 16 Leases

There has been no material impact on the financial statements as a result of adopting these Standards and Interpretations.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings. Entities are accounted for as subsidiary undertakings when the Group is exposed to or has rights to variable returns through its involvement with the entity and it has the ability to affect those returns through its power over the entity.

Details of subsidiary undertakings and % shareholding:

FXPress Payment Services Ltd	-	100% owned by the Company
Avila House Limited	-	100% owned by FXPress Payment Services Ltd
CS Commercial Limited	-	100% owned by the Company
Cornerstone EBT Trustee Limited	-	100% owned by the Company

All subsidiary undertakings have an accounting reference date ended 31 December.

Although the consolidated financial information has been issued in the name of Cornerstone FS plc ("Cornerstone"), the legal parent, it represents in substance continuation of the financial information of the primary legal subsidiary, FXPress Payment Services Ltd.

The assets and liabilities of the primary legal subsidiary are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts and not re-stated at fair value.

The retained earnings and reserves balances recognised in the consolidated financial statements reflect the retained earnings and other reserves of the primary legal subsidiary immediately before the business combination and the results of the period from 1 January 2020 to the date of the business combination are those of the primary legal subsidiary only.

As FXPress Payment Services Ltd reversed into Cornerstone when Cornerstone did not have an existing trade, the transaction cannot be considered a business combination, as at the time of the reverse takeover, Cornerstone did not meet the definition of a business, under IFRS 3 "Business Combinations". As the transaction is capital in nature and completed through the issue of shares, it falls within the scope of IFRS 2 'Share-based payments'. Any difference in the fair value of shares deemed to be issued by the legal subsidiary (FXPress Payment Services Ltd) and the fair value of net identifiable assets in the legal parent (Cornerstone FS plc) forms part of the deemed cost of acquisition.

GOING CONCERN

During the year ended 31 December 2020, the Group made a loss of £2,154,698, which has resulted in the balance sheet showing a net liabilities position of £135,923. Post year-end, the Group's balance sheet was strengthened with the raising of gross proceeds of £2.2m via a placing of new ordinary shares following the Company's admission to AIM. The Group also has access to £450,000 in convertible loan note facilities.

The Directors have prepared a cash flow forecast covering a period extending 24 months from 31 December 2020. The Directors have taken into account the placing proceeds mentioned above, the historical growth and the inherent risks and uncertainties facing the Group's business, and have derived forecast assumptions that are their best estimate of the future development of Group's business. The Directors have also run various scenario planning forecasts alongside their best-estimate forecast assumptions, which all indicate sufficient cash resources to continue to finance the Group's working capital requirements over the forecast period.

The Directors are mindful of COVID-19 and the impact that this has had on operations is discussed further in note 20. The Board have reviewed forecasts in light of this and do not consider there to be any material uncertainties pertaining to the Group's ability to discharge its liabilities as they arise.

For these reasons, the Directors continue to adopt the going concern basis of accounting in preparing the Group's financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REVENUE

The Group applies IFRS 15 Revenue from Contracts with Customers for the recognition of revenue. IFRS 15 established a comprehensive framework for determining whether, how much and when revenue is recognised. It affects the timing and recognition of revenue items, but not generally the overall amount recognised.

The performance obligations of the Group's revenue streams are satisfied on the transaction date or by the provision of the service for the period described in the contract. Revenue is not recognised where there is evidence to suggest that customers do not have the ability or intention to pay. The Group does not have any contracts with customers where the performance obligations have not been fully satisfied.

The Group derives revenue from the provision of foreign exchange and payment services. When a contract with a client is entered into, it immediately enters into a separate matched contract with its institutional counterparty.

Spot and forward revenue is recognised when a binding contract is entered into by a client and the rate is fixed and determined. Revenue represents the difference between the rate offered to clients and the rate received from its institutional counterparties.

INVESTMENTS

Investments in subsidiary undertakings are accounted for at cost less impairment.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group Statement of Financial Position when the Group has become a party to the contractual provisions of the instrument.

Derivative financial instruments

Derivative financial assets and liabilities are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in the income statement. The Group's derivative financial assets and liabilities at fair value through profit or loss comprise solely of forward foreign exchange contracts.

Trade, loan and other receivables

Trade and loan receivables are initially measured at their transaction price. Trade and loan receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method. The Directors have considered the impact of discounting trade and loan receivables whose settlement may be deferred for lengthy periods and concluded that the impact would not be material.

An impairment loss is recognised for the expected credit losses on trade and loan receivables when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

Impairment losses and any subsequent reversals of impairment losses are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

Trade payables

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. An instrument will be classified as a financial liability when there is a contractual obligation to deliver cash or another financial asset to another enterprise.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdraft which is integral to the Group's cash management.

INTANGIBLE ASSETS
An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Amortisation is charged on a straight-line basis through the profit or loss within administrative expenses. The rates applicable, which represent the Directors' best estimate of the useful economic life, are as follows:

Internally developed software	– 3 years
Software costs	– 3 years
Other intangible assets	– 3 years (no charge in the first period of ownership)

PROPERTY, PLANT AND EQUIPMENT
All property, plant and equipment is initially recorded at cost and is subsequently measured at cost less accumulated depreciation and any recognised impairment loss.

Depreciation, which is charged through the profit or loss within administrative expenses, is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Computer equipment	- 25% straight line

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

PROVISIONS
Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated.

SHARE CAPITAL
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

SHARE-BASED COMPENSATION
Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted.

As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period. Where equity instruments are granted to persons other than employees, the income statement is charged with fair value of goods and services received.

Cancelled or settled options are accounted for as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

The proceeds received net of any attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Fair value is measured by use of the Black-Scholes pricing model which is considered by management to be the most appropriate method of valuation.

EMPLOYEE BENEFITS
The Group operates a defined contribution pension scheme. The pension costs charged in the financial statements represent the contribution payable by the Group during the year.

The costs of short-term employee benefits are recognised as a liability and an expense in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

TAXATION
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity and not in the consolidated statement of comprehensive income.

Deferred income tax is provided on all temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Deferred tax assets have not been recognised in respect of the Group's tax losses carried forward.

Research and Development tax credits are not recognised as receivables until the claims have been submitted and agreed by HMRC.

CRITIAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting judgements 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.

IMPAIRMENT
At each accounting reference date, the Group reviews the carrying amounts of its intangibles, property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

SHARE-BASED COMPENSATION

The fair value of share-based awards is measured using the Black-Scholes model which inherently makes use of significant estimates and assumptions concerning the future applied by the Directors. Such estimates and judgements include the expected life of the options and the number of employees that will achieve the vesting conditions. Further details of the share option scheme are given in note 14.

ALTERNATIVE PERFORMANCE MEASURES

The Group uses the alternative performance measure of underlying profit/(loss) from operations. This measure is not defined under IFRS, nor is it a measure of financial performance under IFRS.

This measure is sometimes used by investors to evaluate a company's operational performance with a long-term view towards adding shareholder value. This measure should not be considered an alternative, but instead supplementary, to profit/(loss) from operations and any other measure of performance derived in accordance with IFRS.

Alternative performance measures do not have generally accepted principles for governing calculations and may vary from company to company. As such, the underlying profit/(loss) from operations quoted within the Group Statement of Comprehensive Income should not be used as a basis for comparison of the Group's performance with other companies.

UNDERLYING PROFIT/(LOSS) FROM OPERATIONS

The Group uses underlying profit/(loss) from operations, defined as profit/(loss) from operations, adding back share-based compensation and transaction costs associated with the Group's AIM listing and acquisitions strategy.

The underlying loss from operations is reconciled back to the loss from operations within the Group Statement of Comprehensive Income.

1 REVENUE AND SEGMENTAL REPORTING

All of the Group's revenue arises from activities within the UK. Management considers there to be only one operating segment within the business based on the way the business is organised and the way results are reported internally.

Revenue is as follows:

	Group Year ended 31 December 2020	Group 9-month period ended 31 December 2019
	£	£
Total revenue	1,664,237	1,240,938

2 LOSS FROM OPERATIONS	Group Year ended 31 December 2020 £	Group 9-month period ended 31 December 2019 £
Loss from operations is stated after charging:		
Share-based compensation on reverse acquisition	211,281	-
Other share-based compensation	147,162	-
Transaction costs	793,577	-
Expensed software development costs	42,333	43,000
Depreciation of property, plant and equipment	1,730	729
Amortisation of intangible assets	20,540	2,926
Short-term (2018 IAS 17 operating) lease rentals	70,697	69,992

2 LOSS FROM OPERATIONS *(continued)*

Amounts payable to the Group's auditor in respect of both audit and non-audit services:

	Year ended 31 December 2020	9-month period ended 31 December 2019
	£	£
Audit Services		
- Statutory audit	15,000	-
Other Services		
The auditing of accounts of associates of the Company pursuant to legislation:		
- Audit of subsidiaries and its associates	16,500	8,000
	31,500	8,000

3 INTEREST AND SIMILAR ITEMS	Group Year ended 31 December 2020	Group 9-month period ended 31 December 2019
	£	£
i. Total finance and other income	603	-
ii. Total finance costs	-	370

4 EMPLOYEES

The average monthly numbers of employees in the Group (including the Directors) during the year was made up as follows (the Company has no employees other than the Directors):

	Year ended 31 December 2020	9-month period ended 31 December 2019
	Number	Number
Directors	-	-
Employees	9	6
	9	6

EMPLOYMENT COSTS	Year ended 31 December 2020 £	9-month period ended 31 December 2019 £
Wages and salaries	618,522	135,557
Social security costs	68,455	13,899
Pension costs	5,930	4,073
Share-based compensation	26,787	-
	719,694	153,529

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate. Further information about the remuneration of the individual directors is provided in the Directors' Remuneration Report on pages 24-26.

	Year ended 31 December 2020 £	9-month period ended 31 December 2019 £
Salaries and fees	116,786	-
Share-based compensation	20,088	-
Social security costs	9,453	-
	146,327	

	Number	Number
Number of Directors to whom retirement benefits are accruing under a defined contribution scheme	-	-

	Year ended 31 December 2020 £	9-month period ended 31 December 2019 £
The remuneration in respect of the highest paid Director was:		
Salaries and fees	85,000	-
Share-based compensation	15,452	-
Social security costs	5,580	-
	106,032	-

During the year no (2019: nil) Directors exercised any (2019: nil) share options.

5 PENSION COSTS

The Group operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the Group and amounted to £5,930 (2019: £4,070). At 31 December 2020 contributions of £2,490 remained outstanding and are included within other payables (31 December 2019: £543).

6 TAXATION

The tax on the loss on ordinary activities for the period was as follows:

	Group Year ended 31 December 2020 £	Group 9-month period ended 31 December 2019 £
CURRENT TAX:		
UK Corporation tax	-	-
Deferred tax	-	-
Tax on loss on ordinary activities	-	-

	Group Year ended 31 December 2020 £	Group 9-month period ended 31 December 2019 £
Loss before taxation	(2,154,698)	(81,549)
Loss multiplied by main rate of corporation tax in the UK of 19% (9-month ended 31 December 2019: 19%)	(409,393)	(15,494)
EFFECTS OF:		
Expenses not deductible for tax purposes	155,158	656
Share-based payments	68,104	-
Other deductions in period	(1,446)	-
Tax losses carried forward	185,577	14,838
Current tax	-	-

As at 31 December 2020, the Group had prepared but not yet submitted a Research and Development tax credits reclaim, the estimated net benefit of which is approximately £62,000. It has not been recognised as an asset due to its contingent nature.

As at 31 December 2020, the Group had tax losses carried forward of £2,847,347 (31 December 2019: £1,860,098). Deferred tax has not been recognised in respect of these tax losses. The standard rate of corporation tax applicable to the Group for the year ended 31 December 2020 was 19.0%. The UK government has indicated that the rate of corporation tax may be increased to 25% with effect from 1 April 2023.

7 LOSS PER SHARE

The loss per share of 14.99p is based upon the loss of £2,154,698 (2019: loss of £81,549) and the weighted average number of ordinary shares in issue for the year of 14,370,030 (2019: 11,221,348).

The loss incurred by the Group means that the effect of any outstanding warrants and options would be considered anti-dilutive and is ignored for the purposes of the loss per share calculation.

8 GROUP INTANGIBLE ASSETS

	Internally developed software £	Software costs £	Other £	Total £
COST				
At 1 January 2020	-	15,611	-	15,611
Additions	242,916	-	-	242,916
Acquired through business combination	-	-	92,520	92,520
At 31 December 2020	242,916	15,611	92,520	351,047
AMORTISATION				
At 1 January 2020	-	9,535	-	9,535
Charge for the period	16,638	3,902	-	20,540
At 31 December 2020	16,638	13,437	-	30,075
NET BOOK VALUE				
At 31 December 2020	226,278	2,174	92,520	320,972
At 31 December 2019	-	6,076	-	6,076

Other intangible assets comprise regulatory licenses held at cost and are not amortised in the first period of ownership.

COMPANY INTANGIBLE ASSETS

	Internally developed software £	Software costs £	Other £	Total £
COST				
At 1 August 2020	-	-	-	-
Additions	242,916	-	-	242,916
At 31 December 2020	242,916	-	-	242,916
AMORTISATION				
At 1 August 2020	-	-	-	-
Charge for the period	16,638	-	-	16,638
At 31 December 2020	16,638			16,638
NET BOOK VALUE				
At 31 December 2020	226,278	-	-	226,278
At 31 July 2020	-	-	-	-

9 GROUP PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment £
COST	
At 1 January 2020	6,531
Additions	9,144
At 31 December 2020	15,675
DEPRECIATION	
At 1 January 2020	5,481
Charge for the period	1,730
At 31 December 2020	7,211
NET BOOK VALUE	
At 31 December 2020	**8,464**
At 31 December 2019	1,050

10 INVESTMENTS

	Investments in Subsidiaries £
Cost or Valuation	
At 1 August 2020	100
Additions	6,147,773
Disposals	(100)
At 31 December 2020	6,147,773
Net Book value	
At 31 December 2020	6,147,773
At 31 July 2020	100

The Company's investment as at 31 December 2020 represents the initial investment in FXPress Payment Services Ltd on 9 September 2020 and a further £450,000 invested on 31 December 2020.

On 9 September 2020, the Company acquired the entire issued share capital of FXPress Payment Services Ltd ("legal subsidiary") for a consideration of £5,697,773, satisfied by the issue of 1,401,275,638 shares.

Prior to the acquisition, on 7 July 2020, the legacy business and trade of Cornerstone (formerly Cornerstone Brands, a consumer product business) together with its trade, assets and liabilities, was hived down to a newly incorporated wholly-owned subsidiary, CSTT Limited ("CSTT"). Cornerstone's investment in CSTT, stated at cost, was £100. The disposal of CSTT to the prior owners of the legacy business was approved by shareholders at a general meeting on 26 August 2020 and completed on 9 September 2020.

As the legal subsidiary reversed into the Company ("legal parent"), without an existing trade, this transaction cannot be considered a business combination, as the legal parent did not meet the definition of a business, under IFRS 3 "Business Combinations".

As the transaction is capital in nature and completed through the issue of shares it falls within the scope of IFRS 2 'Share-based payments'. Any difference in the fair value of shares deemed to be issued by the legal subsidiary and the fair value of net identifiable assets in the legal parent will form part of the deemed cost of acquisition.

Shares in subsidiary and associate undertakings are stated at cost. As at 31 December 2020, Cornerstone FS plc owned the following principal subsidiaries which are included in the consolidated accounts:

Subsidiary	Principal Activity	Country of Incorporation	Registered Office	Percentage of Ownership
FXPress Payment Services Ltd	Foreign Exchange and Payment Services	Northern Ireland	1 Elmfield Avenue, Warrenpoint, Newry, Co. Down, BT34 3HQ	100 per cent.
Avila House Limited	E-money and Payment Services	England and Wales	The Old Rectory, Addington, Buckinghamshire, MK18 2JR	100 per cent.
CS Commercial Limited (audit exempt)	Dormant	England and Wales	The Old Rectory, Addington, Buckinghamshire, MK18 2JR	100 per cent.
Cornerstone EBT Trustee Limited (audit exempt)	Employee Benefit Scheme Trustee	England and Wales	The Old Rectory, Addington, Buckinghamshire, MK18 2JR	100 per cent.

11 AVILA HOUSE ACQUISITION

On 19 October 2020 FXPress Payment Services Ltd acquired the entire issued share capital of Avila House Limited ("Avila House"), a company which has a small electronic money institution licence focused on multi-currency e-wallets, for a total consideration of £92,685 (satisfied by £60,000 in shares and £32,685 in cash). The acquisition was made in line with the Group's strategy to allow clients to leave funds on deposit, effectively providing them with multi-currency current accounts.

The Group determined that the activities and assets acquired represent a business as defined under IFRS 3 Business Combinations and has accounted for the transaction accordingly.

The net assets acquired at the date of acquisition were determined to be £92,520, representing the fair value of the FCA registered small electronic money institution licence, which was the only asset held by Avila House at the time of acquisition.

No goodwill arose as a result of the acquisition.

Since the acquisition date, Avila House has not generated any revenue (also in line with the Group's product development roadmap) and generated a loss of £3,822, which is included in the consolidated financial statements.

12 CURRENT TRADE AND OTHER RECEIVABLES

	Group 31 December 2020 £	Group 31 December 2019 £	Company 31 December 2020 £	Company 31 July 2020 £
Trade receivables	8,405	7,720	-	-
Prepayments and accrued income	24,623	-	9,600	-
Derivative financial assets at fair value	299,035	281,134	-	-
Other receivables	140,378	66,516	131,492	-
Amounts due from Group undertakings and undertakings in which the Company has a participating interest	-	-	-	95,000
Taxes and social security	97,718	-	97,718	-
	570,159	355,370	238,310	95,000

For the year ended 31 December 2020, £nil was recorded as a bad debt expense (nine-month period ended 31 December 2019: £nil).

As at 31 December 2020, the Group had a contingent asset in respect of Research and Development tax credits for which a reclaim had been prepared, but not yet submitted (31 December 2019: £nil). The estimated net benefit of the claim is approximately £62,000 and has not been included in current receivables due to its contingent nature.

13 CURRENT TRADE AND OTHER PAYABLES

	Group 31 December 2020 £	Group 31 December 2019 £	Company 31 December 2020 £	Company 31 July 2020 £
Trade payables	525,064	101,577	238,654	-
Derivative financial liabilities at fair value	216,061	249,989	-	-
Other tax and social security	47,273	5,458	17,411	-
Other payables and accruals	430,795	17,953	290,773	-
Amount due to Group undertakings	-	-	516,999	-
	1,219,193	374,977	1,063,837	-

14 SHARE CAPITAL AND RESERVES

Allotted, called up and fully paid

	Ordinary shares No.	Share capital £
Ordinary shares of £0.00001 each as at 1 August 2020	28,597,462	286
Bonus issue of £0.00001 shares 9 August 2020	257,377,158	2,573
Consolidation to £0.0001 9 August 2020	(257,377,158)	-
Issue of consideration shares of £0.0001 9 September 2020	1,401,275,638	140,128
Bonus issue of £0.0001 shares 10 September 2020	23,363,722	2,336
Issue of new shares of £0.0001 16 September 2020	13,438,678	1,344
Consolidation to £0.01 shares 2 October 2020	(1,452,008,745)	-
Issue of new shares of £0.01 October to December 2020	1,921,853	19,219
Ordinary shares of £0.01 each at 31 December 2020	16,588,608	165,886

At 31 December 2020 share subscriptions of £131,492, comprising £2,630 share capital and £128,862 share premium, remained unpaid (31 July 2020: £nil).

The following changes in the share capital of the Company have taken place in the five-month period ended 31 December 2020:

- On 26 August 2020, the Company issued 9 bonus shares for every share in issue and subsequently consolidated such shares, in respect of each relevant class of shares, on the basis of 10 shares of £0.00001 each into 1 share of £0.0001 each;
- on 9 September 2020, 1,401,275,638 new A ordinary shares of £0.0001 each were issued as consideration shares to FXPress Payment Services Ltd shareholders pursuant to the acquisition;
- on 10 September 2020, 23,363,722 new bonus E ordinary shares of £0.0001 each were issued;
- on 16 September 2020, 13,438,598 new A ordinary shares of £0.0001 each were issued at a price of £0.005 each and 80 new A ordinary shares of £0.0001 each were issued for the purposes of ensuring there would be a whole number of shares in issue upon the proposed consolidation on 2 October 2020;
- on 2 October 2020, the entire issued share capital of the Company comprising different classes of shares were re-designated and consolidated on the basis of 100 shares of £0.0001 each into 1 Ordinary Share of £0.01 each;
- on 3 October 2020, 1,390,018 Ordinary Shares were issued at a price of £0.50 each and 211,835 Ordinary Shares were issued in consideration for services at an equivalent price of £0.50 per share;
- on 19 October 2020, 120,000 Ordinary Shares were issued as consideration shares to the shareholders of Avila House in accordance with the terms of the share purchase agreement; and
- on 1 December 2020, 200,000 Ordinary Shares were issued at a price of £0.50 each.

All Ordinary Shares are equally eligible to receive dividends and the repayment of capital and represent equal votes at meetings of shareholders.

As at 31 December 2020, £131,492 of issued share capital was unpaid (31 December 2019: £26,247).

The following describes the nature and purpose of each reserve within owner's equity:

Share capital: Amount subscribed for shares at nominal value.

Share premium: Amount subscribed for share capital in excess of nominal value, less costs of share issue.

Share-based payment reserve: The share-based payment reserve comprises the cumulative expense representing the extent to which the vesting period of warrants and share options has passed and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest.

Merger relief reserve: Effect on equity of the consideration shares issued over their nominal value.

Reverse acquisition reserve: Effect on equity of the reverse acquisition of FXPress Payment Services Ltd.

Retained losses: Cumulative realised profits less cumulative realised losses and distributions made, attributable to the equity shareholders of the Company.

Options

The Company operates an Enterprise Management Inventive ("EMI") Scheme equity-settled share-based remuneration scheme for employees.

Each of the option agreements under the EMI scheme provides that the relevant options vest, as to one third of the shares comprised in them, on each of the first three anniversaries of the date of grant. Once vested, the options are exercisable at any time. The options are also exercisable in the event of a change of control. If the optionholder's employment within the Group is terminated, other than for gross misconduct, any options vested may be exercised within 90 days of such termination (12 months in the case of the optionholder's death). Otherwise the options lapse five years after the date of grant. The options also lapse, inter alia, if the optionholder is adjudged bankrupt or proposes a voluntary arrangement or other scheme in relation to his/her debts.

	Ordinary shares No.	Weighted average exercise price £
Outstanding as at 1 August 2020	-	-
Granted during the period	1,599,480	0.50
Outstanding as at 31 December 2020	1,599,480	0.50

On 2 December 2020 Julian Wheatland was granted options over 922,677 Ordinary Shares at an exercise price of £0.50 per share. The Company has also agreed to make an annual grant of additional options to Julian Wheatland equal to 5% of any increase in the fully diluted capital of the Company which has occurred in the 12 months immediately prior to the date of grant to be exercisable at a price equal to the average mid-market closing price of the Ordinary Shares over the relevant 12-month period.

On 2 December 2020 Judy Happe was granted options over 276,803 Ordinary Shares at an exercise price of £0.50 per share. The Company has also agreed to make an annual grant of additional options to Judy Happe equal to 1.5% of any increase in the fully diluted capital of the Company which has occurred in the 12 months immediately prior to the date of grant to be exercisable at a price equal to the average mid-market closing price of the Ordinary Shares over the relevant 12-month period.

On 2 December 2020 a further 400,000 options were granted to other senior employees at an exercise price of £0.50 per share.

The Black-Scholes model was used for calculating the cost of options. The model inputs for the options issued were:

Grant date	- 2 December 2020
Share price at grant date	- 50 pence
Exercise price	- 50 pence
Risk free rate	- 0.8%
Expected volatility	- 83.7% (based on reference to the Group's quoted competitors)
Contractual life	- 5 years

Market performance conditions were ignored in determining the fair value of options.

The weighted average contractual life of the options is five years (2019: zero).

No options were exercised during the current year (2019: nil).

Warrants

Between 15 January 2020 and 31 March 2020 FXPress Payment Services Ltd granted 14,911,060 warrants to various advisors, employees and directors with an average exercise price of £0.050 and a term of five years. Due to failure to satisfy a vesting condition specified at the grant date, the fair value of 9,155,930 warrants issued to employees and ex-employees was assessed to be zero.

The remaining 5,755,130 warrants were estimated to have an average fair value of £0.016 per warrant at the grant date using the Black-Scholes valuation model. The principal inputs into the model were:

Share price at grant date	- between 4.7 pence and 5.5 pence
Risk-free rate	- 0.75%
Expected Volatility	- 25%
Contractual life	- 5 years

In connection with the reverse acquisition of the Company on 9 September 2020, the Directors of Cornerstone wrote to the holders of the 9,155,930 outstanding FXPress Payment Services Ltd warrants, agreeing to exchange their warrants for warrants in Cornerstone in return for waiving all rights under their FXPress Payment Services Ltd warrants.

As a result of the effective cancellation of the FXPress Payment Services Ltd warrants, FXPress Payment Services Ltd recognised an accelerated share-based payment charge of £92,947 for the year-ended 31 December 2020 (9 months ended 31 December 2019: £nil).

On 3 October 2020 Cornerstone granted 778,460 warrants to the former holders of FXPress Payment Services Ltd warrants with an average exercise price of £0.31 and an average term of four years and 117 days. Between 5 October 2020 and 10 December 2020 Cornerstone granted 1,000,000 warrants with an exercise price of £0.50 and a term of five years. The Cornerstone warrants were estimated to have an average grant date fair value of £0.342 per warrant using the Black-Scholes valuation model. The principal inputs into the model were:

Share price at grant date	- between 16.6 pence and 50 pence
Risk-free rate	- 0.8%
Expected volatility	- 83.7%
Contractual life	- between 4 years & 105 days and 5 years

The Group share-based compensation charge for the year ended 31 December 2020 of £147,162 (9-month period ended 31 December 2019: £nil) consists of £92,947 in relation to the accelerated share-based payment charges in respect of the cancelled warrants in FXPress Payment Services Ltd, £27,428 in respect of the replacement warrants granted in Cornerstone and £26,787 in respect of the Cornerstone options.

15 RELATED PARTY TRANSACTIONS

Details of key management compensation are included in note 4. Key management are considered to be the Directors of the Group.

Transactions with subsidiaries
During the year, the Company and FXPress Payment Services Ltd entered into various transactions with each other including software development charges, licenses fees and working capital support. The net balance of transactions between the companies are held on an interest free inter-Group loan which has no terms for repayment. At the year end, the Company owed £516,999 (2019: £nil) to FXPress Payment Services Ltd.

Other related parties:

All of the amounts below were in respect of the year ended 31 December 2020.

Fees of £50,000 (2019: £nil) in connection with fundraising activities were due to LGEC Capital Partners LLP, of which Gareth Edwards is a Designated Member. The amount was unpaid at the year-end.

Corporate finance advisory fees of £49,323 were due to London Bridge Capital Limited, a company of which Gareth Edwards and Elliott Mannis are directors and Elliott Mannis is the shareholder. £36,135 remained due to London Bridge Capital Limited at the year-end (2019: £nil).

Terry Everson, a director of FXPress Payment Services Ltd and a significant shareholder in Cornerstone, was paid consulting fees of £24,000 via Hazelwood Financial Ltd, a company of which he is a director and significant shareholder (9 months ended 31 December 2019: £54,000). As at 31 December 2020, a loan of £10,000 made by the Group to Terry Everson remained unpaid (31 December 2019: £nil).

William Newton, a director of FXPress Payment Services Ltd and a significant shareholder in Cornerstone, was paid consulting fees of £8,333 (9 months ended 31 December 2019: £21,000).

Stephen Flynn, a director of FXPress Payment Services Ltd and a significant shareholder in Cornerstone, was paid consulting fees of £68,871 via JF Technology (UK) Ltd, a company of which he is a director and significant shareholder (9 months ended 31 December 2019: £21,500).

David Mason, a director of FXPress Payment Services Ltd, was paid consulting fees of £85,800 (9 months ended 31 December 2019: £nil).

Jason Conibear, a former director of FXPress Payment Services Ltd, was paid consulting fees of £42,650 (9 months ended 31 December 2019: £15,000).

16 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

	Group 31 December 2020 £	Group 31 December 2019 £	Company 31 December 2020 £	Company 31 July 2020 £
DERIVATIVE FINANCIAL ASSETS				
Foreign currency forward contracts with customers	253,077	182,117	-	-
Foreign currency forward contracts with institutional counterparty	45,958	99,017	-	-
	299,035	281,134	-	-
Cash and cash equivalents	183,675	78,265	96,394	-
Trade receivables	8,405	7,720	-	-
Other receivables	165,001	66,516	141,092	95,000
	656,116	433,655	237,486	95,000

FINANCIAL LIABILITIES

	Group 31 December 2020 £	Group 31 December 2019 £	Company 31 December 2020 £	Company 31 July 2020 £
DERIVATIVE FINANCIAL LIABILITIES				
Foreign currency forward contracts with customers	55,869	120,754	-	-
Foreign currency forward contracts with institutional counterparty	160,192	129,235	-	-
	216,061	249,989	-	-
Trade payables	525,064	101,577	238,654	-
Other payables	430,795	17,953	807,772	-
	1,171,920	369,519	1,046,426	-

All financial assets and liabilities have contractual maturity of less than one year.

Derivative financial assets and liabilities

Derivative financial assets not designated as hedging instruments

	31 December 2020		31 December 2019	
	Fair Value	Notional Principal	Fair Value	Notional Principal
	£	£	£	£
Foreign currency forward contracts with customers	253,077	14,686,425	182,117	4,986,924
Foreign currency forward contracts with institutional counterparty	45,958	5,785,633	99,017	4,971,285
	299,035	20,472,058	281,134	9,958,209

Derivative financial liabilities not designated as hedging instruments

	31 December 2020		31 December 2019	
	Fair Value	Notional Principal	Fair Value	Notional Principal
	£	£	£	£
Foreign currency forward contracts with customers	55,869	4,392,467	120,754	4,535,780
Foreign currency forward contracts with institutional counterparty	160,192	12,390,456	129,235	5,192,152
	216,061	16,782,923	249,989	9,727,932

Fair value is 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. Foreign currency forward contracts are measured at fair value on a recurring basis.

There are three levels of fair value hierarchy:

- 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.
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Foreign currency forward contracts with customers generally require immediate settlement on the maturity date of the individual contract and fall into level 2 of the fair value hierarchy above. Level 2 comprises those financial instruments which can be valued using inputs other than quoted prices that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices). The fair value of forward foreign exchange contracts is measured using observable forward exchange rates for contracts with a similar maturity at the reporting date.

The net gain on financial assets at fair value through profit or loss for year ended 31 December 2020 was £4,839 (9 months ended 31 December 2019: £13,250).

Financial instruments – risk management

Financial assets primarily comprise trade and other receivables, cash and cash equivalents and derivative financial assets. Financial liabilities comprise trade and other payables, shareholder loans and derivative financial liabilities. The main risks arising from financial instruments are market risk (including foreign currency risk and interest rate risk), liquidity risk, credit risk and counterparty risk.

Market risk

Market risk for the Group comprises foreign exchange risk and interest rate risk. The Group operates as a riskless matched principal broker for deliverable non-speculative spot and forward foreign currency transactions, with each trade with its clients matched with an identical trade with an institutional counterparty. Therefore, 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's cash balances are primarily held in Pound Sterling and the Group does not hold significant cash balances in foreign currencies.

Interest rate risk affects the Group to the extent that it implicitly impacts the price of foreign currency forward contracts. However, this risk is mitigated in the same way as foreign currency risk.

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 it has sufficient cash or working capital to meet its cash requirements to mitigate this risk.

As per the Going Concern note above, the Directors have prepared a cash flow forecast taking into account proceeds from the IPO fund raise, the historical growth in the Group's business and the inherent risks and uncertainties facing the Group's business to assess the Group's working capital requirements.

The Group also has systems in place to monitor the margin requirements of its clients and its margin requirement with the institutional counterparty for the back-to-back foreign currency forward contract on a real-time basis and request any necessary top up payment from the clients. The Group also has the right to close any position if no margin is given.

Credit risk

Credit risk is the risk that clients do not meet their contractual obligations in respect of the currency spot and forward contracts which leads to a financial loss. All customers are subject to credit verification checks. Approximately 90% of the Group's trades are spot currency contracts which are required to be settled within two working days. For forward currency contracts, as noted above, clients are required to provide margin that mitigates credit exposure. Trade limits are applied to all clients. The Group has systems to monitor trade limits and collateral requirements on a real-time basis. The Group does not have any significant concentration of exposures within its client base.

Counterparty risk

Each trade between a client and the Group is matched with an identified trade with Velocity Trade International ("Velocity"), which is a global foreign exchange liquidity and trade provider that provides pricing, execution and settlement services for the Group.

The Group also has brokerage accounts with alternative institutional counterparties and could transact with them instead if Velocity is unable to provide liquidity.

Management of settled and open trades are conducted via Currency Cloud, the GV (formerly Google Ventures) backed global payments and FX platform. Client funds are transferred to Velocity via Currency Cloud for additional protection and to reduce counterparty risk.

17 FINANCIAL COMMITMENTS

The Group is not considered to have any operating lease commitments. The offices utilised by the Group are serviced offices, which have a short notice period and therefore it has not been considered necessary to disclose these as an operating lease commitment.

18 CAPITAL MANAGEMENT

The capital structure of the business consists of cash and cash equivalents, debt and equity. Equity comprises share capital, share premium and retained losses and is equal to the amount shown as 'Equity' in the balance sheet. The Group's current objectives when maintaining capital are to:

- safeguard the Group's ability to operate as a going concern so that it can continue to pursue its growth plans;
- provide a reasonable expectation of future returns to shareholders; and
- maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of underlying assets.

The Company is subject to the following externally imposed capital requirements:

- as a public limited company, the Company is required to have a minimum issued share capital of £50,000.

FXPress Payment Services Ltd, a wholly-owned subsidiary of the Company, is subject to the following capital requirement under the Payment Service Regulations 2017:

- either 10% of fixed overheads for the preceding year or the initial capital requirement of €50,000, whichever is the higher.

19 EVENTS AFTER THE REPORTING DATE

On 26 February 2021, 24,326 Ordinary Shares were issued at a price of £0.407 each on the exercise of warrants.

On 17 March 2021, the Company and William Newton entered into a facility to borrow £350,000 from William Newton at any time until 31 December 2023 on not less than 20 Business Days' notice in consideration of the Company issuing William Newton with 6% unsecured convertible loan notes 2024.

On 25 March 2021, the Company and Robert Lee entered into a facility to borrow £100,000 from Robert Lee at any time until 31 December 2023 on not less than 20 Business Days' notice in consideration of the Company issuing Robert Lee with 6% unsecured convertible loan notes 2024. A drawdown notice was issued to Robert Lee on 17 May 2021 requesting payment of the £100,000 loan by 14 June 2021.

The convertible loan notes 2024 bear interest at the rate of 6% per annum and will be redeemable on the occurrence of usual events of default and, in any event, on 31 March 2024. They may be converted in tranches of £50,000 at a subscription price of 61 pence per share at any time until a redemption notice is served.

On 6 April 2021, the Company was admitted to AIM, London Stock Exchange's market for small and medium size growth companies. The Company placed 3,664,648 new ordinary shares at a price of

61 pence per ordinary share, raising gross proceeds of £2,235,435. The shares sold under the placing represent approximately 18 per cent of the Company's issued share capital. In connection with the Company's listing, 63,114 warrants were issued to the Company's broker, Peterhouse Capital Limited, on 6 April 2021 with an exercise price of 61 pence per share and an expiry date of 6 April 2023.

20 COVID-19

The COVID-19 pandemic developed rapidly in 2020, with a significant number of cases. Measures taken by the UK government to contain the virus have affected economic activity. The Group has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for its people such as social distancing and working from home.

All staff have successfully worked remotely during government-advised lockdowns and have had full access to the Group's technology platform that allows them to connect virtually and continue to operate as normal on business activities.

The impact on the Group's business and results has not been significant. The Group will continue to follow the UK government policies and advice and do its utmost to continue its operations in the best and safest way possible without jeopardising the health and safety of its people.

Company Information

Registered Office
The Old Rectory
Addington
Buckinghamshire
MK18 2JR

Principal Trading Address
1 Poultry
London
EC2R 8ET

Company Registration Number
08367949

Company Secretary
Hanh Jelf, TH Jelf LLP

Nominated & Financial Adviser
SPARK Advisory Partners Limited
5 St John's Lane
London
EC1M 4BH

Joint Brokers
Peterhouse Capital Limited
80 Cheapside
London
EC2V 6EE

Pello Capital Limited
7th Floor
10 Lower Thames Street
London
EC3R 6AF

Auditors
Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Solicitors
TH Jelf LLP
The Old Rectory
Addington
Buckinghamshire
MK18 2JR

Registrar
Neville Registrars Limited
Neville House
Steelpark Road
Halesowen
B62 8HD

Financial PR Adviser
Luther Pendragon
48 Gracechurch Street
London
EC3V 0EJ