Annual Report 2019

Year ended 31st December 2019

Registration number: 11383418

Contents

Corporate Information

Company Directors

James C D Farrar

Nicholas R Evans

K Mark Aitchison

Timothy Fitzpatrick

David A Hutchinson

Robert Huw Morgan

Simon Featherstone (appointed 9 July 2019)

John Brian Wells (resigned 14 February 2019)

Richard L Banks (resigned 14 February 2019)

Company Secretary

David Hanson

Registered Office

The Steam Mill

Steam Mill Street

Chester

CH3 5AN

Auditors

BDO

55 Baker Street

London

W1U 7EU

Strategic Report

The Directors present their strategic report for Oxbury FS Plc (Oxbury) for the year ended 31st December 2019.

Principal activities and review of the year

Oxbury is a new specialist bank focused on Agriculture. We will provide farmers with the specialist lending they need to run their farms through Oxbury Farm Credit and term lending whilst also providing savings accounts to individuals, farmers and businesses that want to support British farmers and the rural community.

Oxbury will be The Agricultural Bank.

The business will serve the customers through a cloud-based technological solution, eliminating those issues which can be caused by legacy-based systems. At this point, the business has not commenced lending or deposit raising activity.

Through 2019, Oxbury continued to develop the company with the aim of establishing an authorised credit institution in the UK. The banking application was submitted in February 2019, with the company subsequently being authorised by the UK Regulators in January 2020 as a Bank. Oxbury then entered the mobilisation phase of its build on route to go-live.

In the year, the company increased the annual loss to £2.3m (2018: £0.7m), representing both the increased cost base and the full year impact of continued expenditure in support of the companies aims. In support of the business plan, the carrying value of the development of the technological solution, the intangible asset, increased to £1.3m (2018: £0.2m). At the end of the period, the business had total cash assets of £0.8m, subsequently completing a capital raise in January 2020 to support both the company's authorisation and the continued development of the business.

Board, Executive and Company Values

Oxbury has established a Board of Directors which is highly experienced in both the financial services industry, in which Oxbury operates, and the agricultural sector which will be the focus of the lending products. The structure of the Board and the supporting Executives provides Oxbury with a strong governance structure and an in-depth understanding of the markets it will serve.

The key values on which the business operates are:

- Integrity – We aim to be transparent in everything we do and have open, honest and respectful engagement with all our stakeholders.
- Customer Focused – We will design products and services that are focused on meeting customer needs.
- Risk – We will continue to create a culture where everyone in the business takes personal responsibility for managing risk.
- Competitive – we aim to be competitive in the markets in which we will operate providing genuine choice for customers.

Management of Risk

Oxbury manages the risk which the business faces through the identification of those which have the potential to impact and then addresses those concerns to mitigate. These risks are managed through the governance structure, with relevant committees, procedures and control processes. The risk appetite of the business is agreed by the Board on a regular basis to maintain relevance and informs the company in relation to risk management in Oxbury.

Oxbury uses the three lines of defence model to manage the key risks, ensuring the governance structure supports the business requirement, provides oversight as appropriate and that individuals have specific responsibilities in the management of those risks.

Oxbury categorise the risks that the business can potentially face into categories, which are summarised in the table below:

Risk Category	Definition
Operational	The risk of loss caused by human error, ineffective or inadequately designed internal processes, system failure, improper conduct, fraud and external events. The risk of system failure during day-to-day operations or at a time of system development leading to an inability to continue the day to day operations of the Bank to a satisfactory standard.
Credit	The risk of a reduction in earnings and/or value as a result of the failure of the party with whom the Bank have contracted to meet obligations (both on and off-balance sheet), as they fall due taking into account the sector and geography.
Conduct, Legal & Compliance	Conduct Risk is defined as the risk of customer detriment or harm due to inappropriate culture, improper business conduct and/or poor customer treatment. Legal and Compliance Risk is the risk to the financial and reputation soundness of the Bank arising from non-compliance with any legislation or regulation or regulatory expectation.
Financial	The risk that the Bank does not have sufficient financial resources to meet its commitments when they fall due, or can secure them only at excessive cost, or that the Bank does not have sufficiently stable and diverse sources of funding, or that the funding structure is insufficient caused by the adverse movements in external markets and or ineffective internal controls. The risk to the Bank's revenue as set within the budget and the medium-term plan arising through sub-optimal implementation of the strategy as approved by the Board. In assessing strategy risk, consideration is given to both internal and external factors.

The principal risks and uncertainties faced by Oxbury are as follows:

Description	Mitigation	Risk Category
Operational Build – There is a risk that the bank is not delivered and / or is not functionally fit for purpose or sufficiently stable.	Robust project management processes including significant technical and business testing to ensure the business will be ready to serve customers in line with the bank's plans.	Operational Financial Conduct
Capital – There is a risk that Oxbury is unable to raise the additional capital required to exit mobilisation	Delivery of an operating infrastructure which clearly meets market demand, an experienced management team, and a growing market engagement.	Financial
Brexit – the risk that the United Kingdom's future relationship with the EU results in negative outcomes for Oxbury's target customer base.	The products being designed will meet customer requirements into the future and the assessment of risk takes into account future scenarios impacting affordability. Oxbury continues to monitor the situation to understand the detailed impacts on the business model.	Credit Financial
COVID-19 – the risk that the pandemic creates uncertainty in our chosen market, supplier chain and staff.	Oxbury has successfully implemented its business continuity plan to continue its operations through the lockdown. Our product design and risk assessment processes enable our ability to continue to support customers in our planned markets. Oxbury continues to monitor the situation to understand the detailed impacts on the business model.	Credit Operational Financial

Economic Outlook

The UK exited the EU at the end of January 2020, with continuation of current terms retained through to the end of 2020. The eventual structure of any subsequent agreement will impact the terms of the relationship with both EU and non-EU countries. The resultant specific terms are unknown at this time and therefore Oxbury will continue to monitor to review for the potential impact on the business model.

During the first quarter of 2020 a pandemic outbreak of coronavirus, referred to as Covid-19, created a continuing global health issue with impacts on economies including the UK including the introduction of social distancing restrictions. Oxbury continues to monitor and assess the impact of the restrictions on current and future plans for the business.

Section 172 Statement

The Directors of Oxbury are mindful of their responsibilities under section 172 of the Companies Act 2006, to act in good faith to promote the success of the business for all stakeholders, with reference to the delivery of the strategy of the company.

Within this assessment, the Board recognises that there are a range of stakeholders, including investors, employees, suppliers, customers, Regulators, the environment, and the need to act fairly across all members.

The Board addressed these responsibilities throughout the year as follows:

Investors

The Board approves the business plan each year, together with any significant changes to that plan, with reference to the longer-term strategy of the company to provide a return to shareholders. The Board reviews updates on business performance with reference to variations to the business plan, to assess the development of the business, and its alignment with expectations.

Specific consideration was taken of the capital and liquidity positions of the business in support of the authorisation event at the end of January 2020. The Board and its committees review the policies and procedures against which it will operate when trading, together with the businesses risk appetite.

Employees

Employees perform a key role in the development of the company. The Board reviewed the structure, composition and recruitment of employees during the year. In line with the company's values, the business encourages a diverse workforce, and fosters an open environment to ensure that a range of views are taken into consideration.

Suppliers

In terms of the development of the company, the Board recognises that suppliers are intrinsic to that aim. The selection, performance and remuneration of key suppliers in relation to the overall banking solution have been reviewed by the Board. The company also reviews key suppliers against requirements relating to business continuity and delivery, including the extent to which their solutions align to the strategy of Oxbury.

Customers

The provision of lending facilities to the customer, supported by a deposit proposition, is fundamental to the future success of the business. The Board continued to review the development of the proposition, together with the outcome of potential customer engagement and the plans of the business, for continued customer feedback. The engagement with potential customers is balanced by ensuring that company policies relating to suitability are adhered to, for example specifically with reference to money laundering and financial crime.

Regulators

The Board have ensured that there is a transparent and effective relationship with the Regulator throughout, implemented through the Executive team, with direct contact as required.

Environment

The Directors are aware of the impact that the business has on the general environment for the long-term sustainable development of an effective business model. In this regard, the business has offset the calculated carbon impact of the business and its employees since its incorporation. Oxbury is a fully carbon offset Bank.

Directors' Report

The Directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2019.

The principal activities of the business are to develop an authorised credit institution with a focus on the provision of a technology led solution to the agricultural community and savers across the UK. The developments to date are in line with expectations and the financial results and position of the business as disclosed in these financial statements are considered satisfactory.

The Directors confirm that they are satisfied that Oxbury has adequate resources to continue trading for the foreseeable future, without a requirement to liquidate or cease trading and there is no material uncertainty over going concern and have therefore adopted the going concern basis for accounting. In reaching this assessment, consideration has been taken of the quantum of available resources, and the impact of the scenarios which would impact the business operations.

The scenario of a go-live for trading as per the business plan was considered, with appreciation of sensitivities to movements within the timeframe and variability on the forecast of performance. The business also considered a scenario where it does not commence trading as per the business plan and continues to develop to that achievement based on a similar cost base, and sensitivity to that cost base. This second scenario includes no additional raising of capital, required as part of the trading go-live of the business.

Given the ongoing Covid-19 pandemic, the potential impact to the business of the environment was also considered within the Going Concern assessment. The major impact assessed was a delay in commencement of lending activity, and therefore aligned to the second scenario considered as part of the gong concern assessment.

The Directors do not recommend a dividend.

No political contributions were made during the year.

The primary financial risk assessed by the business is in relation to the cash holdings with credit institutions, which is mitigated through engagement with firms with sufficient credit ratings to mitigate this risk.

Oxbury does not operate to a specific code or standard in relation to the payment of its creditors. The company agrees payment terms on commencement of an engagement, ensuring that those suppliers are aware of the agreed terms, and subsequently abides to those terms. The value of outstanding creditors at the end of the period represent 8 days of the total expenditure for the duration of the period.

Significant post balance sheet events are disclosed in note 23 of the notes to the financial statements.

Each of the persons who are named as Directors when this report is approved has confirmed that:

- As far as the Director is aware, there is no relevant audit information of which the company's auditor is unaware.
- The Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Approval to reappoint BDO will be proposed at the next Board meeting.

This report is approved by the Board and signed on its behalf:

James Farrar

Chief Executive Officer and Company Director

22 May 2020

Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations. Company law requires the Directors to prepare financial statements for each financial year, in accordance with International Financial Reporting Standards (IFRSs as adopted by the EU) and applicable laws.

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 the affairs of the Company and of their profit or loss for the period referenced. In preparing the financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable, relevant and reliable;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU;
- Assess the Company's ability to continue as a going concern, with disclosure of matters related to going concern; and
- Use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

It is the responsibility of the Directors to keep adequate accounting records that are sufficient to show and provide explanation of the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, enabling them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and have a general responsibility for taking such steps as are reasonably available to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Signed on behalf of the Board by:

James Farrar, Chief Executive Officer & Company Director

22 May 2020

Independent Auditor’s Report to the Members of Oxbury FS Plc

Opinion

We have audited the financial statements of Oxbury Bank Plc (“the Company”) for the year ended 31 December 2019 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the 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 Company’s affairs as at 31 December 2019 and of its 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The Directors’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

https://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.

BDO LLP

Ariel Grosberg (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date 22 May 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

2019 Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For the 12-month period to 31 December 2019

GBP (000s)	Note	12-month period to 31st Dec 2019	25th May to 31st Dec 2018
Interest receivable and similar income		-	-
Interest expense and similar expenditure		-	-
Net interest and similar income		-	-
Staff costs	6	(1,317)	(500)
Other operating expense	9	(935)	(241)
Depreciation & Amortisation	14, 15	(44)	(1)
Loss from operations		**(2,296)**	**(742)**
Finance expense	10	(2)	-
Finance income	10	1	1
Loss before taxation		**(2,297)**	**(741)**
Taxation	11	-	-
Loss after taxation		**(2,297)**	**(741)**
Total comprehensive (loss) attributable to the equity shareholders		**(2,297)**	**(741)**

The total comprehensive income of the Company does not differ from the loss after taxation as presented.

The notes which form part of these financial statements can be located from page 19 onwards.

Statement of Financial Position
As at 31 December 2019

GBP (000s)	Note	31st Dec 2019	31st Dec 2018
Cash and cash equivalents	12	796	3,804
Accrued income and prepayments	17	27	23
Property, plant and equipment	14	45	13
Intangible assets	15	1,277	197
Total Assets		**2,145**	**4,037**
Other liabilities	18	677	285
Total Liabilities		**677**	**285**
Share capital	19	274	264
Share premium	20	4,229	4,229
Share-based payments	22	3	-
Retained earnings	21	(3,038)	(741)
Total Equity		**1,468**	**3,752**
Total Liabilities & Equity		**2,145**	**4,037**

The notes which form part of these financial statements can be located from page 19 onwards.

The financial statements have been approved and authorised for issue by the Board and are signed on its behalf by:

James Farrar, Chief Executive Officer & Company Director

22 May 2020

Statement of Cash Flows
For the year ended 31 December 2019

GBP (000s)	12-month period to 31st Dec 2019	25th May to 31st Dec 2018
Cash flows from operating activities		
Loss for the period after taxation	(2,297)	(741)
Adjustments:		
Depreciation & Amortisation	44	1
Net changes in operating assets and liabilities		
Net (increase) in other assets	(138)	(23)
Net increase in other liabilities	487	285
Net cash flows used in operating activities	**(1,904)**	**(478)**
Investing activities		
Purchase of tangible assets	(37)	(14)
Capitalisation of intangible asset	(1,080)	(197)
Net cash flows used in investing activities	**(1,117)**	**(211)**
Financing activities		
Issue of share capital	13	4,493
Net cash flows from financing activities	**13**	**4,493**
Net cash flow for the period	**(3,008)**	**3,804**
Cash and cash equivalents at start of the period	3,804	-
Cash and cash equivalents at end of the period	**796**	**3,804**

As at 31st December 2019 (and 31st December 2018) the cash and cash equivalents balance comprise bank balances only.

Statement of changes in equity
For the year ended 31 December 2019

GBP (000s)	Note	Share Capital	Share Premium	Share-based payment	Retained Earnings	Total Equity
Share Capital Issuance May 2018	19, 20	100	-	-	-	**100**
Share Issuance through 2018	19, 20	164	4,229	-	-	**4,393**
Loss for the period	21	-	-	-	(741)	**(741)**
Balance at 31st December 2018		**264**	**4,229**	**-**	**(741)**	**3,752**
Share Issuance through 2019	19, 20	10	-		**-**	**10**
Share-based payments	22	**-**	**-**	3	**-**	**3**
Loss for the period	21	-	-	-	**(2,297)**	**(2,297)**
Balance at 31st December 2019		**274**	**4,229**	**3**	**(3,038)**	**1,468**

Notes forming part of the financial statements
For the year ended 31st December 2019

1. Corporate Information

Oxbury FS Plc is a company incorporated as a public limited company in England (registered company number 11383418) under The Companies Act 2006 and domiciled in the United Kingdom. The registered office address is located at The Steam Mill, Steam Mill Street, Chester, CH3 5AN. The nature of the company's operations and its principal activities are set out in the Directors' Report.

2. Accounting Policies and basis of preparation

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding reporting period.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), interpretations issued by the International Accounting Standards Board (IASB) and the Companies Act 2006.

The financial statements have been prepared based on a historical cost basis, and are presented in Pounds Sterling (£), with values rounded to the nearest thousand, unless otherwise indicated.

New standards which are effective during the period of the financial statements have been adopted, with no material impact on the results in the year, and no change in the accounting policies.

There are several standards, amendments and interpretations which have been issued and are effective for the subsequent accounting period. The most significant are:

- IAS 1 – Presentation of Financial Standards – amendment to definition of materiality.
- IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – amendment to definition of materiality.

No material impact is expected to Oxbury subject to the adoption of these standards.

3. Critical accounting estimates and judgements

The preparation of financial statements in compliance with IFRSs requires the company to use certain estimates and assumptions, which are consistently reviewed for appropriateness based on historical experience and forecast expectations. As a result, future experience may differ from the estimates and assumptions used.

It also requires the company's management to exercise judgement in applying accounting policies. Management regard the following as being the items which have the largest material impact on the financial statements as presented:

- Going Concern (note 4.1)
- Share Based Payments (notes 4.8 and 22)
- Tax (note 11)

4. Summary of significant accounting policies

4.1 Going Concern

The financial statements presented are based on a going concern basis as the Directors are satisfied that there are adequate resources to continue operating for the foreseeable future and there is no material uncertainty over going concern. In making this assessment, consideration was taken of the current and required level of resources in various scenarios which could impact the business.

The scenario of a go-live for trading as per the business plan was considered, with appreciation of sensitivities to movements within the timeframe and variability on the forecast of performance. The business also considered a scenario where it does not commence trading as per the business plan and continues to develop to that achievement based on a similar cost base, and sensitivity to that cost base. This second scenario includes no additional raising of capital, required as part of the trading go-live of the business.

Taking into consideration the ongoing Covid-19 pandemic, the potential impact to the business of the environment was also considered within the Going Concern assessment. The major impact assessed was a delay in commencement of lending activity, and therefore aligned to the second scenario considered as part of the gong concern assessment.

4.2 Intangible Assets

The company is in the process of building a cloud based technological system for the management of future activities as the business matures through the defined steps in its business plan. This will become the business' core banking platform. It is a key element to the successful achievement of the business plan, generating a profitable revenue base. Consultancy, salaries and other costs incurred in acquiring and developing this software are capitalised.

Intangible assets are stated at cost less depreciation and impairment losses. No depreciation or amortisation has been recognised at the date of these financial statements as the software is still under development. Amortisation will only commence when the system is deemed to be complete and available for operational usage. The useful life of the asset will be evaluated at that point based on its constituents and the future expectations of the business.

4.3 Tangible Assets

4.3.1 Property, plant and equipment

Fixtures, Fittings and Office Equipment and Computer and IT Equipment are stated at cost less accumulated depreciation and any recognised impairment loss. The cost is based on evidenced cost of purchasing the asset. Depreciation is recognised to write off the cost or valuation of assets less their residual values over their expected useful lives, using the straight-line method, on the following bases:

Fixtures, Fittings and Office Equipment	2 years
Computer and IT Equipment	2 years

4.3.2 Right of use assets

The discounted value of the minimum level of future payments under lease agreements is recognised at commencement as a Right of Use asset on the balance sheet, and subsequently amortised based on the period of those payments.

4.4 Foreign currency translation

Functional and presentation currency.

The financial statements are presented in Pounds Sterling (£). Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange at the date of the transaction. Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

4.5 Pensions

The company offers a defined contribution pension scheme for its employees. Any contributions made by the company are charged to operating expenses as incurred.

4.6 Charitable Donations

Charitable donations are accounted for as an expense when paid and included as part of the operating expenses in the Statement of Profit or Loss. In 2019 there was no donations to charity (2018: £0).

4.7 Share Capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs, if any, directly attributable to the issue of equity instruments are shown in equity as a deduction from proceeds, net of tax.

4.8 Share-Based Awards

The company operates an equity-settled share remuneration plan for certain employees, of which none are cash settled, and also grants share-based payments for services and goods received from suppliers. The company accounts for these schemes based on the requirements of IFRS2.

4.9 Segmental Reporting

All of the company's operations are within the United Kingdom, and as such, no geographical analysis is presented.

4.10 Taxation

Income tax is based on the taxable profits of Oxbury, including reliefs which are available. Taxable profits differ from the financial statements due to items which are excluded for tax purposes or because of the deductibility occurring in differing periods. Where applicable, the company's liability to tax takes into consideration the tax rates enacted or substantively enacted for the period.

A deferred tax asset has not been recognised for the current financial year as the recoverability is dependent on future taxable profits to offset against. The likelihood of those future taxable profits is not considered to be sufficiently certain to recognise the asset.

4.11 Financial Institution – Risk Management

The only financial risk which the Directors believe the company is exposed to at the reporting date is credit risk of the cash held at banks, and the counterparty failing to meet its obligations. Oxbury mitigates this risk through the use of a banking supplier with sufficient credit rating to give comfort that the cash deposited is not at risk.

As at the reporting date, Oxbury's financial liabilities do not extend in excess of one year.

Oxbury manages capital to maintain an appropriate capital structure for its operations, taking into consideration both cost and availability. In the period the management of capital included the total share capital of the company and cash resources. During 2019, the financial objectives were unchanged from 2018, supporting the development of the long-term strategy of the company.

The management of capital is through the review of the financial performance to expectations and cash resources held by the business.

4.12 Financial Instruments – Measurement

Based on the nature of the stock of financial assets at the reporting date, Oxbury initially recognises its financial assets at fair value less, if applicable, transaction costs. Subsequent measurement is based on amortised cost, as dictated by the business model test of holding assets to maturity.

5. Revenue

Oxbury did not generate any trading revenue in the accounting period covered by these financial statements.

6. Staff Costs

The average number of employees (including executive and non-executive directors) was 20 (2018: 5), all being employed in management, operational or administrative roles. The total number of employees at December 2019 was 30. (2018: 8)

	Total as at 31st Dec 2019	Average 2019	Total as at 31st Dec 2018	Average 2018
Management	9	9	5	4
Operational	4	1	0	0
Administrative	17	10	3	1
Total	**30**	**20**	**8**	**5**

Their aggregate remuneration comprised (including directors):

GBP (000s)	12-month period to 31st Dec 2019	25th May to 31st Dec 2018
Salaries, wages and bonuses	1,111	421
Social security contributions	112	53
Pension contributions	94	26
Total Remuneration	**1,317**	**500**

The values include the impact of capitalising expenditures directly related to the development of the intangible asset.

7. Key Management Remuneration

GBP (000s)	12-month period to 31st Dec 2019	25th May to 31st Dec 2018
Fees, wages and bonuses	1,173	484
Social security contributions	114	55
Pension contributions	71	26
Total Remuneration	**1,358**	**565**

Key management personnel have been defined as those individuals who are included in the definition of the Executive Committee including Company directors. The value reported do not take into consideration any capitalisation directly related to system development.

8. Total Directors Remuneration

GBP (000s)	12-month period to 31st Dec 2019	25th May to 31st Dec 2018
Fees, wages and bonuses	551	276
Social security contributions	62	34
Pension contributions	36	21
Total Remuneration	**649**	**331**

There were no loans outstanding to the directors in the year to 31 December 2019 (2018: zero) and no loans were made to directors in either period. No payments for loss of office were made to Directors who retired during the period.

Highest Paid Director Remuneration

GBP (000s)	12-month period to 31st Dec 2019	25th May to 31st Dec 2018
Fees, wages and bonuses	212	105
Social security contributions	28	13
Pension contributions	18	11
Total Remuneration	**258**	**129**

9. Other Operating expense

Loss on ordinary activities before tax is stated after charging:

GBP (000s)		2019	2018
Other operating costs		664	80
Foreign exchange loss/profit		0	-
Legal and Professional fees		234	134
External audit fees		37	27
Total		**935**	**241**

10. Finance expense and income

GBP (000s)		2019	2018
Finance Expense:			
Finance element of lease agreements		(2)	-
Finance Income:			
Interest received on bank deposits		1	1

11. Taxation

We have not recognised a deferred tax asset in respect of tax losses carried forward due to insufficient evidence of their recoverability.

GBP (000s)	2019	2018
Loss on ordinary activities after taxation	(2,297)	(741)
Standard rate of Corporation tax	19%	19%
Expected Tax Credit	(436)	(141)
Effects of:		
Depreciation	4	0
Disallowable expenses	2	4
Lease payments	(4)	-
Other timing differences	(7)	(3)
Deferred Tax not recognised	441	140
Deferred Tax asset recognised	**-**	**-**
Cumulative to date:		
Deferred tax not recognised brought forward	140	-
Additional deferred tax not recognised	441	140
Total deferred tax not recognised	**581**	**140**

Tax losses are expected in the initial years of the company's development as the build phase progresses. These tax losses are available for carry forward against future taxable profits.

The directors have concluded that it is not appropriate to recognise a deferred tax asset at the reporting date due to the uncertainty of future taxable profits. If an asset has been recognised it would have an estimated value of £520k (2018: £125k) which is calculated based on the £3,038k (2018: £741k) of trading losses at the expected corporation tax rate of 17%. This rate is equivalent to the expected rate in 2021, the longest dated corporation tax rate substantively enacted at the balance sheet date.

12. Cash and cash equivalents

GBP (000s)	2019	2018
Cash at Bank and in hand	796	3,804
Total	**796**	**3,804**

13. Recognition of interest income

Interest and similar income/expense

Net interest income comprises interest income and interest expense calculated using the effective interest method. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information.

14. Tangible Fixed Assets

GBP (000s)	Fixtures, Fittings & Office Equipment	Computer & IT Equipment	Right of use assets	Total
Cost:				
Brought forward	-	-	-	**-**
Additions 2018	3	11	-	**14**
Cost at 31st December 2018	**3**	**11**	**-**	**14**
Additions 2019	14	23	39	**76**
Cost at 31st December 2019	**17**	**34**	**39**	**90**
Accumulated Depreciation:				
Brought forward	**-**	**-**	**-**	**-**
Depreciation charge for the year 2018	**-**	**(1)**	**-**	**(1)**
Depreciation at 31st December 2018	**-**	**(1)**	**-**	**(1)**
Depreciation charge for the year 2019	**(7)**	**(13)**	**(24)**	**(44)**
Depreciation at 31st December 2019	**(7)**	**(14)**	**(24)**	**(45)**
Net Book Value at 31st December 2019	**10**	**20**	**15**	**45**
Net Book Value at 31st December 2018	**3**	**10**	**-**	**13**

The right of use assets relates to the office's facilities contracted by Oxbury, commencing 11th January 2019. Included in the 2019 result is the depreciation charge for the period of £24k and interest expense of £2k. The total of cash outflows in the period in relation to the right of use asset equalled £37k.

15. Intangible Assets

The intangible asset relates specifically to the cost of the development of the operating system which will provide the customer interaction which drives revenues.

GBP (000s)	Operating System Software	Total
Cost:		
Brought forward	-	-
Additions 2018	197	197
Cost at 31st December 2018	**197**	**197**
Additions 2019	1,080	1,080
Cost at 31st December 2019	**1,277**	**1,277**
Accumulated Depreciation:		
Brought forward	-	-
Amortisation charge for the year 2018	-	-
Depreciation at 31st December 2018	-	-
Amortisation charge for the year 2019	-	-
Depreciation at 31st December 2019	-	-
Net Book Value at 31st December 2019	**1,277**	**1,277**
Net Book Value at 31st December 2018	**197**	**197**

16. Related party transactions

Controlling parties

In the opinion of the Directors, there is no overall controlling party.

Key Management emoluments

Key management emoluments are separately disclosed within Note 7.

Transactions with related parties

Total transactions during the year with related parties.

Related Party	Relationship	Total value of transactions year ended 31st Dec 2019 GBP (000s)	Total value of transactions year ended 31st Dec 2018 GBP (000s)
Hill Harbour Associates Limited	A member of the Key Management Personnel is a director	20	6
FTFF Limited	A director of Oxbury is a director and majority shareholder	46	10
Simon Featherstone Consulting Ltd	A director of Oxbury is a director and majority shareholder	24	-
Ellidge Consulting	A member of the Key Management Personnel is the owner	-	50

Of which was outstanding at the end of the year:

Related Party	Included in	Outstanding at 31st Dec2019 GBP (000s)	Outstanding at 31st Dec2018 GBP (000s)
Simon Featherstone Consulting Ltd	Other Operating Expenses – Key Management Personnel	5	-
Ellidge Consulting	Intangible Assets – Key Management Personnel	-	12

17. Accrued Income and Prepayments

GBP (000s)	2019	2018
Accrued Income	0	0
Prepayments	27	23
Total	**27**	**23**

18. Other liabilities

GBP (000s)	2019	2018
Trade Creditors	34	33
Taxes and Social Security	72	30
Lease Liabilities	7	-
Accruals	564	222
Total	**677**	**285**

19. Share Capital

At the reporting date, the shares issued compromised:

Share Class	Number of Shares at 31st Dec 2019	Nominal Value at 31st Dec 2019 GBP (000s)	Number of Shares at 31st Dec 2018	Nominal Value at 31st Dec 2018 GBP (000s)
A Ordinary Shares of £0.01 each	14,583,334	146	14,583,334	146
B Ordinary Shares of £0.01 each	10,000,000	100	10,000,000	100
C Ordinary Shares of £0.01 each	2,783,786	28	1,833,332	18
Total	**27,367,120**	**274**	**26,416,666**	**264**

A Ordinary and B ordinary shares have full voting and economic rights, C shares do not have voting rights but do have economic rights, where vested. Unvested C shares do not have voting or economic rights. All shares are fully paid. During the year ended 31 December 2019, 1,283,786 shares were issued for £12,838 (2018: 26,416,666 ordinary shares were issued for £4,493,333.52).

20. Share Premium

	31st Dec 2019 GBP (000s)	31st Dec 2018 GBP (000s)
Share Premium balance brought forward	4,229	-
Additions during the year	-	4,229
As at 31 December	**4,229**	**4,229**

21. Retained Earnings

	31st Dec 2019 GBP (000s)	31st Dec 2018 GBP (000s)
Retained Earnings brought forward	(741)	-
Loss for the year ended 31 December	(2,297)	(741)
As at 31 December	**(3,038)**	**(741)**

22. Share Based Payments

	31st Dec 2019 GBP (000s)	31st Dec 2018 GBP (000s)
Share Based Payment Reserve brought forward	-	-
Additions during the year	3	-
As at 31 December	**3**	**-**

The company operates a share option scheme for certain employees, all of which are determined to be exclusively equity-settled. Share options are also utilised in the remuneration of specific suppliers. The cost of the awards granted to employees is determined using the Black-Scholes valuation model, since there is no active market. The cost of awards granted to suppliers is also evaluated using the Black-Scholes model, as there isn't a readily ascertainable value of the goods and services received.

The calculations within the model require the use of subjective assumptions, including the expected volatility of the share price, expected life of the award and any dividend yield. All these factors can impact the fair value estimate.

The main assumptions which have been used in deriving option value are as follows:

- Risk Free Rate: 1.00%
- Volatility: 100%
- Dividend Yield: Nil
- Expected Life (Employee): 0.1 years
- Expected Life (Supplier): 2.5 years

Using the assumptions in the model identified that the value of the employee options was zero, and therefore no entry has been made in their regard. In relation to the options granted to the supplier, the model identified the value as £0.01 per share. On the basis that the services had been received during 2019 and constituted part of the intangible asset, an increase was recorded in terms of the value of the carrying value of the asset, with a corresponding increase in other reserves.

The exercise price for all employee share options is £0.01 and have been settled prior to the end of the period. The shares are subject to vesting conditions prior to being eligible for economic rights. The exercise price for the supplier related share options is £0.01 and are subject to vesting conditions prior to exercise. The goods and services had been received prior to the year end.

23. Post Balance Sheet Events

Issue of additional Share Capital (January 2020)

In January 2020 the company secured investment of £10,245,597 through the issue of 9,314,179 A shares of £0.01 nominal value. This equated to £93,142 share capital plus £10,152,455 share premium.

Authorisation as a credit institution (January 2020)

The company was authorised as a credit institution by the Bank of England on 31 January 2020 and is in the mobilisation phase as part of the route to trading as a specialist bank servicing the UK agricultural industry and savers across the UK, at the time of signing these financial statements.

Change of company name

The board of directors passed a resolution to change the company name from Oxbury FS Plc to Oxbury Bank Plc on 27 February 2020. The resolution was approved by the shareholders in their entirety and filed at Companies House in April 2020, however this has not been approved by Companies House at the date of approval.

Substantively enacted tax rate

Subsequent to the end of the accounting period, the reduction in the substantively enacted corporation tax rate of 17% was cancelled as of March 2020.

Covid-19 Pandemic

Since the end of the period represented by these financial statements, the spread of the virus referred to as Covid-19 has been classified as a pandemic. Through the going concern assessment (note 4.1), Oxbury has reviewed the potential impact on the business.

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