Company Registration No. 03517451

HiFX EUROPE LIMITED

(formerly HiFX Plc)

Report and Financial Statements

For the 18 months ended 31 December 2015

HiFX EUROPE LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

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HiFX EUROPE LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

OFFICERS AND PROFESSIONAL ADVISERS

Directors

J Bianchi
M Gonzalez
M Knowles
R Hodgson
A Sparks

Registered Office

Morgan House
Madeira Walk
Windsor
Berkshire
SL4 1EP

Banker

Barclays Bank Plc
1 Churchill Place
London
E14 5HP

Auditor

KPMG LLP (UK)
Chartered Accountants and Statutory Auditors
Bristol, United Kingdom

HiFX EUROPE LIMITED

STRATEGIC REPORT

For the 18 months ended 31 December 2015

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Review of the business

The company is a provider of foreign currency exchange and international payment services to private and corporate clients. The Board is pleased to report another period of good growth in profits. Operating profit from continuing operations increased from £6.0 million in the year to 30 June 2014 to £13.9 million in the 18 months to 31 December 2015.

Key performance indicators

The key performance indicators used by the Board were as follows:

	18 months 2015 £'000	12 months 2014 £'000	Change
Gross profit	43,129	27,982	+54%
Operating profit	13,809	6,046	+128%
Operating profit per employee	83	38	+118%
Number of client foreign exchange trades	492,000	357,000	+38%

Principal risks and uncertainties

Operational risk
This is the risk of a direct or indirect loss resulting from the inadequacies or failures in projects, processes or controls due to technology, staff, organisation or external factors. To monitor and control operational risk, the company maintains a system of comprehensive policies and a control framework which are designed to provide a sound and well-controlled operational environment. Key information regarding governance and the management of risk are reported to the Board. This enables management to monitor operational risk at appropriate levels.

Foreign currency risk
This is the risk of losses being incurred through inadequate or incorrect foreign currency exchange hedging. The company has a treasury risk management function and a treasury policy to manage this risk. The policy limits the aggregate exposure the treasury function can run in any currency and stipulates a daily loss limit above which positions must be closed.

Business risk
The company's principal traded currency pair is GBP/EUR. Replacement of sterling by the euro as the domestic currency of the UK would have a significant impact on the earnings of the company. The directors consider a likelihood of such a change in the short to medium term to be remote.

Credit risk
This is the risk of losses being incurred through a client or other third party being unable to meet their obligations to the company. The company has robust policies in place to review substantial credit exposures prior to entering into a transaction with a client, to receive initial and/or variation margin deposits and to monitor open exposures.

Liquidity risk

This is the risk of insufficient liquid funds being available to meet the company's working capital requirements. HiFX Europe Limited monitors its liquidity levels and has mitigating controls in place to reduce risk of a liquidity event.

Financial risk management

The Board of Directors is responsible for setting financial risk management policy and objectives, and approves the parameters within which the various aspects of financial risk management are operated.

The key financial risk for the company is foreign currency risk which arises through the provision of foreign exchange services. The company seeks to reduce its foreign exchange exposure arising in various currencies by putting in place a robust hedging programme.

Future developments

The Board looks to build further on the progress achieved by the company and will look to increase its client base and product offering in the year ahead.

M Knowles
Director
24 March 2016

Morgan House
Madeira Walk
Windsor
Berkshire
SL4 1EP

HiFX EUROPE LIMITED

DIRECTORS' REPORT

For the 18 months ended 31 December 2015

The directors present their annual report and financial statements of HiFX Europe Limited for the 18 months ended 31 December 2015. The company has changed its accounting reference date from 30 June to 31 December to align to its ultimate parent company, Euronet Worldwide, Inc.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of a dedicated provider of foreign exchange payment services to private clients and corporations. HiFX Europe Limited is authorised by the Financial Conduct Authority under the Payment Services Regulations 2009 for the provision of payment services. The company operates in the United Kingdom and also has a branch in Spain.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 1 to the financial statements.

DIVIDENDS

The directors have declared and paid an interim dividend in specie of £43,482,000 (2014: £13,614,000). The directors propose a final dividend of £nil (2014: £nil).

DIRECTORS

The directors of the company who served during the period and to the date of this report were:

J Bianchi	(appointed 13 January 2015)
S Bown	(resigned 19 January 2015)
M Gonzalez	(appointed 11 July 2014)
R Hodgson	(appointed 29 March 2015)
M Knowles	
A Sparks	(appointed 11 July 2014)

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

HiFX EUROPE LIMITED

DIRECTORS' REPORT

For the 18 months ended 31 December 2015

AUDITOR (continued)

KPMG LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

This report was approved by the Board of Directors and signed its behalf by:

R Hodgson
Director
24 March 2016

Morgan House
Madeira Walk
Windsor
Berkshire
SL4 1EP

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HIFX EUROPE LIMITED

We have audited the financial statements of HiFX Europe Limited for the period ended 31 December 2015 which comprise the profit and loss account, the balance sheet, the cash flow statement, the notes to the cash flow statement and the related notes to the accounts, 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

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. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of the company's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Peter Lomax

Peter Lomax (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditors
Chartered Accountants
100 Temple Street, Bristol, BS1 6AG, United Kingdom
24 March 2016

HiFX EUROPE LIMITED

STATEMENT OF COMPREHENSIVE INCOME
18 months ended 31 December 2015

	Note	18 months to 31 Dec 2015 £'000	12 months to 30 June 2014 £'000
TURNOVER	2	43,134	27,995
Cost of sales		(5)	(13)
GROSS PROFIT		43,129	27,982
Administrative expenses		(29,320)	(21,936)
OPERATING PROFIT		13,809	6,046
(Loss) / Profit on disposal of subsidiary undertakings	11	(68)	43,153
Profit on disposal of fixed assets		-	9
Income from group investments		-	5,931
Interest receivable and similar income		508	92
Amounts written off investments		(192)	(15)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	14,057	55,216
Tax on profit on ordinary activities	8	(2,964)	(1,424)
PROFIT FOR THE FINANCIAL PERIOD AND TOTAL COMPREHENSIVE INCOME		11,093	53,792

HiFX EUROPE LIMITED

BALANCE SHEET
31 December 2015

	Note	31 Dec 2015 £'000	30 Jun 2014 £'000
FIXED ASSETS			
Tangible fixed assets	9	1,195	982
Investments	10	-	-
		1,195	982
CURRENT ASSETS			
Debtors	12	32,944	61,524
Cash at bank and in hand		7,976	9,230
		40,920	70,754
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(26,671)	(24,742)
NET CURRENT ASSETS		14,249	46,012
TOTAL ASSETS LESS CURRENT LIABILITIES		15,444	46,994
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	(1,048)	(138)
NET ASSETS		14,396	46,856
CAPITAL AND RESERVES			
Called up share capital	17	72	72
Share premium account		1	1
Capital redemption reserve		814	814
Profit and loss account		13,509	45,969
SHAREHOLDERS' FUNDS		14,396	46,856

The financial statements of HiFX Europe Limited (registered number 03517451) were approved by the Board of Directors and authorised for issue on 24 March 2016.

Signed on behalf of the Board of Directors by:

M Knowles
Director

R Hodgson
Director

HiFX EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY
31 December 2015

	Called up share capital £'000	Share premium account	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
As at 1 July 2013	72	1	814	5,791	6,678
Profit for the period	-	-	-	53,792	53,792
Dividends paid	-	-	-	(13,614)	(13,614)
As at 30 June 2014	72	1	814	45,969	46,856
Profit for the period	-	-	-	11,093	11,093
Equity settled share awards				(71)	(71)
Dividends paid	-	-	-	(43,482)	(43,482)
As at 31 December 2015	72	1	814	13,509	14,396

NOTES TO THE ACCOUNTS
For the 18 months ended 31 December 2015

1. ACCOUNTING POLICIES

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

General information and basis of accounting

HiFX Europe Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the strategic report.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

No material adjustments arose on the adoption of FRS 102 and therefore no restatement of the prior year financial statements was necessary.

The functional currency of HiFX Europe Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

HiFX Europe Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the exemptions available in relation to share-based payments, presentation of a cash flow statement and remuneration of key management personnel.

Comparative information

The company has changed its accounting reference date from 30 June to 31 December to be consistent with its ultimate parent company. These financial statements therefore present information about the 18 month period ended 31 December 2015 whereas the comparative amounts presented are for the 12 months ended 30 June 2014 and are therefore not entirely comparable.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in accordance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant such as the fair value of financial instruments and credit risk.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Management believes the estimates used in the preparation of these financial statements are reasonable. Actual results in the future may differ from those reported and therefore it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year are different from our assumptions and estimates could require an adjustment to the carrying amounts of the assets and liabilities reported.

Basis of consolidation

The company disposed of its only significant subsidiary undertaking during the preceding year. At the balance sheet date, all of the company's remaining subsidiaries were dormant and therefore group accounts are not required. Accordingly, these financial statements present information about the company only.

Going concern

The company's business activities, key risks and financial performance are set out in the directors' report on page 4.

The company has good financial resources and a sizeable established client base generating repeatable revenues across a range of markets and sectors.

The directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual report and accounts.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any impairment in value. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

DFX trading platform	25% straight line
Office equipment	20% - 100% straight line
Fixtures and fittings	33% straight line
Motor vehicles	25% straight line

Investments

Fixed asset investments are stated at cost less provision for any impairment. In the company balance sheet the cost of investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial Assets

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through the profit and loss account, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), and 'loans and receivables'.

The company's only FVTPL financial assets comprise forward foreign currency exchange contracts with clients and banking counterparties. Such contracts are stated at fair value, with any gains or losses arising on remeasurement recognised in the profit and loss account. These contracts are carried as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the profit and loss account.

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

Financial liabilities

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

The company's only financial liabilities at FVTPL are forward foreign currency exchange contracts which are stated at fair value, with any gains or losses arising on remeasurement recognised in the profit and loss account.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts and cross currency swaps.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in the profit and loss account immediately.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Impairment of assets

Assets, other than financial assets, are reviewed for impairment whenever circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount calculations are performed using cash flow projections discounted at a rate which reflects the time value of money.

Amounts payable to clients

Amounts payable to clients comprise amounts received in advance from clients in respect of foreign exchange transactions prior to the maturity date of a trade and currency owed to clients after maturity date awaiting disbursement.

Amounts held on deposit with financial institutions

Amounts held on deposit with financial institutions comprise amounts paid in advance in respect of foreign exchange transactions prior to the maturity date of a trade and currency owed by financial institutions after maturity date awaiting disbursement.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or the right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and is recognised as follows:

Foreign exchange transactions - turnover consists of the margin generated from foreign currency spreads net of the benefit or cost of the company's foreign currency hedging policy. The benefit or cost of the company's hedging policy is the result of changes in exchange rates between the time a customer rate is contractually agreed and a matching hedge transaction is entered. The hedging policy allows for aggregation and netting of customer transactions and therefore turnover includes both realised and unrealised income earned from the sale of foreign currency contracts to customers. Turnover also includes payment or administration fees.

Interest income - interest earned on cash held for the execution of foreign exchange transactions is included in turnover.

Other commissions – commissions are earned on the introduction of insurance and money market products and are accounted for on an accruals basis.

Employee benefits

The company operates a defined contribution pension scheme for all employees. The amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Share based payments

The ultimate parent company provides benefits to the company's employees in the form of share based payments whereby employees render services in exchange for shares or rights over shares. The fair value of such awards is estimated at grant date using a Black Scholes pricing model and discounted for the probability of employee retention and any performance criteria. The cost is recognised, together with a corresponding increase in equity, over the period in which the performance and service conditions are fulfilled ending on the date that employees become fully entitled to the award. The company is required to reimburse the ultimate parent company for the market value of any vested shares or exercised share options with expense charged to equity. A liability is also recognised for such amounts payable to the parent over the vesting period.

There are a number of share based payments schemes in operation which generally consist of non-qualifying share options which vest in equal annual instalments over periods ranging from 3 to 5 years, provided the employee remains within the group's employ. The schemes are settled in equity by the parent.

2. TURNOVER

	18 months 2015 £'000	12 months 2014 £'000 (restated)
Turnover comprises:		
Interest earned on operating cash balances	51	68
Foreign exchange transactions	42,638	27,389
Insurance & money market commissions	445	538
	43,134	27,995

All turnover arises in the United Kingdom.

3. EMPLOYEE INFORMATION

	18 months 2015 No.	12 months 2014 No.
Average monthly number of employees including directors during the period:		
Sales and operations	107	109
Administration	59	51
	166	160

	18 months 2015 £'000	12 months 2014 £'000
Their aggregate remuneration comprised:		
Wages and salaries	14,004	9,749
Social security costs	1,709	1,199
Pension costs	417	321
	16,130	11,269

4. DIVIDENDS ON EQUITY SHARES

	18 months 2015 £'000	12 months 2014 £'000
Amounts recognised as distributions to equity holders in the period:		
Interim dividends paid at £601.52 (2014 - £188.33) per share	43,482	13,614

5. DIRECTORS' REMUNERATION

	18 months 2015 £'000	12 months 2014 £'000
Emoluments	743	966
Company contributions to money purchase pension schemes	69	108
Benefits in kind	4	30
	816	1,104

	18 months 2015 £'000	12 months 2014 £'000
Remuneration of the highest paid director:		
Emoluments	477	365
Company contributions to money purchase pension schemes	47	16
Benefits in kind	2	2
	526	383

6. INTEREST RECIEVABLE

	18 months 2015 £'000	12 months 2014 £'000
Bank interest	12	6
Interest on loan notes	0	14
Interest on loans to group undertakings	496	72
	508	92

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:	18 months 2015 £'000	12 months 2014 £'000
Depreciation of tangible fixed assets	843	645
Operating lease rentals	736	478
Equity settled share awards	198	-
Foreign exchange gains losses	(2,325)	54
Unrealised foreign exchange (gain)/loss on intercompany loans	(247)	831
Fees payable to the company's auditors for the audit of the company's annual accounts	90	75
Fees payable to the company's auditors and their associates for other services to the company		
- Tax services	-	10
- Vendor due diligence services	-	245

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	18 months 2015 £'000	12 months 2014 £'000
Current tax:		
UK corporation tax on profits for the period	2,949	1,445
Adjustments in respect of prior periods	(52)	(62)
Foreign tax relief	(15)	-
	2,882	1,383
Foreign tax suffered	21	-
Total current tax	2,903	1,383
Deferred tax:		
Origination and reversal of timing differences	58	3
Adjustment in respect of prior periods	4	(13)
Adjustment in respect of rate changes	(1)	51
Total deferred tax	61	41
Total tax charge for the period	2,964	1,424

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

	18 months 2015 £'000	12 months 2014 £'000
Profit on ordinary activities before taxation	14,057	52,245
Tax at the standard rate of 20.5% (2014: 22.5%)	2,882	11,755
Expenses not deductible for tax purposes	125	65
Income not chargeable	-	(10,376)
Depreciation in excess of capital allowance	(78)	20
Movement in short term timing differences	26	(19)
Adjustments in respect of prior periods	(52)	(62)
Total current tax	2,903	1,383

9. TANGIBLE FIXED ASSETS

Company	DFX trading platform £'000	Office equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost:					
As at 1 July 2014	2,554	4,053	1,227	71	7,905
Additions	421	413	222	-	1,056
Disposals	-	(1,233)	(172)	-	(1,405)
As at 31 December 2015	2,975	3,233	1,277	71	7,556
Depreciation:					
As at 1 July 2014	1,863	3,876	1,149	35	6,923
Charge for the period	472	277	77	17	843
Disposals	-	(1,233)	(172)	-	(1,405)
As at 31 December 2015	2,335	2,920	1,054	52	6,361
Net book value:					
As at 31 December 2015	640	313	223	19	1,195
As at 30 June 2014	691	177	78	36	982

10. FIXED ASSET INVESTMENTS

Shares in subsidiary undertakings	**£'000**
As at 1 July 2014 and 31 December 2015	-

The company has investments in the following subsidiary undertakings:

Company	Country of incorporation	Shares held Class	%
HiFX Mortgage Services Limited	United Kingdom	Ordinary	100
121 Payments Limited	United Kingdom	Ordinary	100

Both companies were dormant throughout the period.

11. DISPOSAL OF SUBSIDIARY UNDERTAKING

On 20 May 2014 the company sold its entire interest in the ordinary share capital of HiFX Limited for cash consideration of £41,158,000 and deferred consideration of £2,972,000. Profit on disposal in the period ended 30 June 2014, after writing off the company's cost of investment of £977,000, was £43,153,000.

In the period ended 31 December 2015, final valuation of the deferred consideration was agreed with the purchaser resulting in a loss of £68,000.

12. CURRENT ASSETS

Debtors

	31 Dec 2015 £'000	30 Jun 2014 £'000
Trade debtors	-	140
Amounts held on deposit with financial institutions	4,158	6,604
Amounts owed by group undertakings	15,437	46,338
Other debtors	61	97
Derivative financial assets	12,461	7,421
Deferred tax asset	278	339
Prepayments and accrued income	549	585
	32,944	61,524

Amounts falling due after more than one year and included above are:

Derivative financial assets	1,625	456
Deferred tax asset	278	339

Cash at bank and in hand

The cash balance of £7,976,000 as at 31 December 2015 (30 June 2014: £9,230,000) includes £7,480,000 (£8,274,000) held in respect of customer balances, the corresponding liability for which is held within Amounts payable to customers (see note 13). Of this amount, HiFX Europe Limited held £7,480,000 (£3,058,000) of cash in designated accounts in accordance with the EU Payment Services Directive.

13. CREDITORS

	31 Dec 2015 £'000	30 Jun 2014 £'000
Amounts falling due within one year:		
Amounts payable to customers	15,010	16,563
Trade creditors	589	785
Derivative financial liabilities	7,898	5,276
Amounts owed to group undertakings	93	-
Corporation tax	626	550
Other taxation and social security	302	258
Other creditors	72	98
Accruals and deferred income	2,081	1,212
Creditors due within one year	26,671	24,742

	31 Dec 2015 £'000	30 Jun 2014 £'000
Amounts falling due after more than one year:		
Derivative financial liabilities	1,048	138

14. FINANCIAL ASSETS AND LIABILITIES

	Carrying amount	Carrying amount	Fair value	Fair value
	31 Dec 2015 £'000	30 Jun 2014 £'000	31 Dec 2015 £'000	30 Jun 2014 £'000
Financial assets:				
Loans and receivables:				
Amounts held on deposit with bank counterparties	4,158	6,604	4,158	6,604
Trade and other receivables	97	237	97	237
Cash and cash equivalents	7,976	9,230	7,976	9,230
FVTPL:				
Forward foreign currency exchange contracts	12,461	7,421	12,461	7,421
Total financial assets	24,692	23,492	24,692	23,492
Financial liabilities:				
Loans and borrowings:				
Trade and other payables	15,599	17,348	15,599	17,348
FVTPL:				
Forward foreign currency exchange contracts	8,946	5,414	8,946	5,414
Total financial liabilities	24,545	22,762	24,545	22,762

The following methods and assumptions were used to measure fair values.

Level 3 assets and liabilities -Trade and other receivables, cash and cash equivalents and trade and other payables approximate to carrying amount due to the short term to maturity of these instruments.

Level 2 assets and liabilities - Forward foreign currency exchange contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Derivative Financial Assets and Liabilities

Financial instruments at fair value through profit and loss

	31 Dec 2015 £'000	30 Jun 2014 £'000
Derivative financial assets:		
Forward foreign currency exchange contracts	12,461	7,421
Derivative financial liabilities:		
Forward foreign currency exchange contracts	(8,946)	(5,414)
Net forward foreign currency exchange contracts	3,515	2,007
Net impact on profit and loss in the period	1,508	130

15. FINANCIAL RISK MANAGEMENT

Foreign currency risk management

The company's foreign currency risk arises from its primary business model. The company executes spot and forward foreign currency contracts with its clients, principally buying or selling GBP, EUR and USD. To the extent that client contracts are not complementary in currency pair, direction or maturity date, the company enters into foreign currency contracts and cross currency swaps with financial institutions.

The company has a treasury risk management function and a treasury policy to manage this risk. The policy limits the aggregate exposure the treasury function can run in any currency and applies a daily loss limit above which positions must be closed.

The following table details the forward contract exposures to each major traded currency at the period end:

	Client trades	Bank trades	Net exposure	Fair value £'000
31 December 2015				
EUR ('000)	(71,877)	73,471	1,594	1,239
USD ('000)	47,951	(47,535)	416	292
GBP ('000)	33,116	(30,160)	2,956	2,956
All other traded currencies				(972)
Total fair value				3,515
30 June 2014				
EUR ('000)	(40,705)	40,707	2	(9)
USD ('000)	(59,664)	59,666	2	3
GBP ('000)	79,793	(77,781)	2,012	2,012
All other traded currencies				1
Total fair value				2,007

The following table details the company's sensitivity to a 10% increase and decrease in GBP against certain relevant foreign currencies. The sensitivity analysis includes only outstanding forward foreign currency exchange contracts and indicates the impact on profit (loss) before tax:

	2015 £'000 +10%	2015 £'000 -10%	2014 £'000 +10%	2014 £'000 -10%
EUR	(123)	137	96	(117)
USD	(29)	32	(93)	114
All other traded currencies	97	(108)	4	(5)

15. FINANCIAL RISK MANAGEMENT (continued)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties and obtaining security payments on forward trades as a means of mitigating the risk of financial loss from non-settlement of the trade. Where such security deposits are not obtained, credit exposure is controlled by setting trading or credit limits that are subject to manager review and approval. Credit exposure on such uncollateralised forward trades at 31 December 2015 was £1,285,000 (2014 - £1,486,000).

Management believes that the credit risk on amounts held on deposit with bank counterparties and on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Capital management

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to its stakeholders and maintaining capital adequacy in accordance with its regulatory obligations. Capital is monitored on a quarterly basis by the directors.

The capital structure of the company consists of issued capital, reserves and retained earnings excluding investments and deferred tax assets.

Liquidity risk management

This is the risk of insufficient liquid funds being available to meet the company's working capital requirements. The company manages liquidity risk by maintaining adequate cash reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities, in particular derivative financial assets and liabilities.

The following table details the company's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives.

	Within 30 days £'000	30 to 90 days £'000	90 to 360 days £'000	More than 1 year £'000	Total £'000
31 December 2015					
Gross inflows	300,277	103,222	293,988	67,191	764,678
Gross outflows	(299,681)	(102,582)	(292,317)	(66,583)	(761,163)
	596	640	1,671	608	3,515
30 June 2014					
Gross inflows	93,791	81,935	245,527	35,580	456,833
Gross outflows	(93,510)	(81,619)	(244,441)	(35,255)	(454,825)
	281	316	1,086	325	2,008

16. DEFERRED TAX

	31 Dec 2015 £'000	30 Jun 2014 £'000
Opening balance	339	380
Adjustment in respect of prior periods	(5)	13
Charged to profit and loss in the period	(56)	(3)
Other adjustments	-	(51)
Closing balance	278	339

	£'000	£'000
Analysis of deferred tax:		
Capital allowances in excess of depreciation	220	301
Short term timing differences	58	38
Deferred tax asset	278	339

There were no unrecognised deferred tax assets at the balance sheet date in the current or prior period.

17. CALLED UP SHARE CAPITAL

	31 Dec 2015 No. & £	30 Jun 2014 No. & £
Allotted, called up and fully paid		
Ordinary shares of £1 each	72,287	72,287

18. FINANCIAL COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings 31 Dec 2015 £'000	Land and buildings 30 Jun 2014 £'000
Expiry date		
- within one year	217	-
- between two and five years	126	466
- more than five years	10	10
	353	476

19. RELATED PARTY TRANSACTIONS

The company takes advantage of the exemption under FRS 102 and does not disclose related party transactions between group entities.

20. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The immediate parent company is Euronet (London) UK Holdings Limited, a company incorporated in the United Kingdom and registered in England & Wales.

The company's ultimate parent company is Euronet Worldwide, Inc. a company incorporated in the United States of America. Financial statements for Euronet Worldwide, Inc. can be obtained from 3500 College Boulevard, Leawood, Kansas 66211, USA.

Euronet Worldwide, Inc. has no single controlling party.

21. EXPLANATION OF TRANSITION TO FRS 102

Transition date and early adoption

The previous financial statements prepared by the company under UK GAAP were for the year ended 30 June 2014 and therefore the required date of transition to Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council was 1 January 2016. However the company has early adopted FRS 102 in these financial statements with a transition date of 1 July 2014.

Accounting policy changes and impacts

As a consequence of adopting FRS 102, the following accounting policies have changed to comply with that accounting standard.

Turnover of foreign exchange transactions – prior to adopting FRS 102, turnover was reported as the gross currency volume of foreign exchange contracts conducted with clients, including the volume of swaps and other transactions whose purpose was to amend the settlement date of previous unsettled transactions. Under FRS 102 turnover consists of the margin generated from foreign currency spreads net of the benefit or cost of the company's foreign currency hedging policy. This policy better reflects the company's commercial operation and risk management policy which is to lay off net currency exposures generated by client transactions with counterparty banks.

These changes had no impact on equity or profit for the financial period for the preceding financial year.