UKForex Limited

Company Registration Number: 04631395

Strategic Report, Directors' Report
and Financial Statements

Year Ended 31 March 2020

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

CONTENTS

GENERAL INFORMATION

Directors

M Shaw
S Webb

Registered office

The White Chapel Building
10 Whitechapel High Street,
London,
England,
E1 8QS

Independent Auditors

PricewaterhouseCoopers LLP
2 Glass Wharf,
Temple Quay,
Bristol,
BS2 0FR
UNITED KINGDOM

Company number

04631395

STRATEGIC REPORT

In accordance with a resolution of the Directors (the "Directors") of UKForex Limited (the "Company"), the Directors submit herewith the Strategic Report of the Company as follows:

PRINCIPAL ACTIVITIES

The Company is regulated by the Financial Conduct Authority. The principal activity of the Company for the financial year ended 31 March 2020 was the provision of foreign exchange and international payment services to the customers of the OFX Group Limited and its subsidiaries ("the OFX Group").

The Company is limited by shares and was incorporated and is domiciled in England in the United Kingdom.

The Company is a wholly owned subsidiary of OzForex Limited, an entity incorporated in Australia, and its ultimate parent company, OFX Group Limited, an entity incorporated in Australia and listed on the Australian Securities Exchange (ASX: OFX).

In the opinion of the Directors, there were no significant changes to the principal activities of the Company during the financial year under review not otherwise disclosed in this report.

REVIEW OF OPERATIONS

Turnover remained consistent in 2020 when compared to 2019 at £8.4m, however profit pre taxation increased from £1.2m to £1.3m up 8% as operating expenses reduced by 2%, due to more efficient cost control delivering operating leverage. The Company has net assets of £2.8m as at 31 March 2020 and has sufficient current assets to meet its current liabilities as and when they fall due.

PRINCIPAL RISKS AND UNCERTAINTIES

From the perspective of the Company, the principal risks and uncertainties are aligned with the principal risks of the OFX Group and are managed consistently across the OFX Group. The Company receives outsourcing services from its parent company, OzForex Limited under an intercompany services agreement. The principal risks and uncertainties of OFX Group Limited, which include those of the Company, are discussed on pages 25 to 27 of the annual report for OFX Group Limited which does not form part of this report.

REGULATORY AND COMPLIANCE

The Company is regulated as an Electronic Money Institution (EMI) by the Financial Conduct Authority ("FCA"). As part of that regulation, the Company must adhere to the requirements for capital adequacy and with respect to the safeguarding of relevant funds as set by the FCA.

Failure to comply with compliance regulations could materially affect the Company's ability to operate. The Company has specialist compliance and legal staff to ensure compliance with anti-money laundering (AML) laws and other legal and regulatory requirements.

SECTION 172 STATEMENT

The Board is committed to promoting the success of the Company for the benefit of its members as a whole whilst having regard to matters as outlined in Section 172 of the Companies Act 2006. In this statement, which is reported for the first time, the Board provides an overview of how it has performed its duties.

STRATEGIC REPORT (CONTINUED)

SECTION 172 STATEMENT (CONTINUED)

The Company's objective is to drive sustainable and profitable growth over the long term and conduct its business in a fair and responsible manner. This strategy prioritises activity across 6 pillars:

- Customer experience: we focus on keeping our customer's interests at the forefront by developing a seamless digital journey whilst maintaining personal access to our "OFXperts".
- Geographic expansion: we are investing in the region, including in our people, to drive incremental, and sustainable, growth across the Company's key market segments.
- Partnerships: we are looking to create more and stronger relationships with our strategic partners.
- Reliable and scalable systems: we are continuing to improve our technology platform to enable operations at scale, lowering costs and enhancing security for our customers and shareholders.
- Risk management: we look to build trust with our regulators, customers and banking partners through strong risk management.
- People: we seek to develop our staff with a view to our global operating model so that our teams can serve customers locally and our staff may build a global career and foster an international outlook.

These 6 pillars highlight our focus on the long term. In implementing this strategy, the Board is targeted with managing and overseeing the Company's business to ensure its success whilst having regard to the interests of its key stakeholders and the wider impact of its operations.

The following includes some examples of stakeholder engagement which has taken place during the financial year:

Our People

The Board is committed to developing its people talent. Senior management engage with staff and identify areas of interest to guide and motivate teams with in-house training and mentoring. Employees participate in external training courses, conferences, and trade shows to develop their knowledge and skills. In the past year, the Company has introduced a formal learning platform for all staff, a global sales enablement program, wellness and resilience training, and delivered specialist Anti-Money Laundering training as a commitment to developing its staff. The Company conducts an annual Employee Engagement Survey designed to improve employee experience and encourage honest feedback, and regular 'Pulse' surveys to understand specific concerns. The Board engages with these initiatives and with employees' feedback through active participation in townhalls, regional awards, individual meetings and dedicated workshops with staff.

Customers and Suppliers

Customers are at the heart of the Company's long term strategy. Acquiring new customers, retaining and expanding our offering to existing customers are key to driving long-term growth. The Board is proud of its "human + digital" promise; it is committed to maintaining a high standard of 24/7 customer servicing whilst investing in ongoing innovation of its digital customer experience. The Front-Office staff engage on a daily basis with customers to listen and meet their needs, as well its teams of 'OFXperts' providing insight into the foreign exchange markets through regular market news bulletins and seminars. The Company ensures that its interests and those of its customers are aligned by monitoring customer feedback through regular surveys such as NPS and Trustpilot reviews.

We develop long term relationships with our suppliers to create mutual value over time. The Company takes steps to do business with suppliers that have similar values, ethics and sustainable business practices, including those related to human rights. The Board has identified areas in its supply chain which are vulnerable to modern slavery risks and taken action to address these risks through measures such as staff training, enhanced supplier due diligence, updating relevant policies such as its whistle-blower policy and ensuring this remains a focus of the Board.

Community and Environment

The Board encourages a diverse, driven and collaborative culture within its workforce, where employees are empowered to perform at their best. The Company sponsors community engagement activities and encourages its employees to make a difference. The Company has a policy of matching employee donations to approved charities which drives a culture of giving generously while helping causes which are deeply personal to our staff.

STRATEGIC REPORT (CONTINUED)

SECTION 172 STATEMENT (CONTINUED)

Community and Environment (continued)

The Board believes a diverse workforce makes OFX more resilient and successful. The Board have set diversity expectations and review all people policies to encourage inclusivity and a workplace culture of trust, mutual respect and teamwork. We are an equal opportunity employer which has been recognised for equal pay for equivalent role types.

The Company is committed to reduce energy consumption and its environmental impact. The nature of our business means that we are not naturally a high consumer of energy. However, we take steps to mitigate our impact wherever possible. Examples include operating a largely paperless office and marketing model, recycling all office waste, adopting energy-efficient office lighting systems and employing the latest technology for staff to meet and work virtually.

FINANCIAL RISK MANAGEMENT

Risk is an integral part of the Company's business. The main risks faced by the Company are credit risk, liquidity risk, interest rate risk and foreign exchange risk. Additional risks faced by the Company include operational, regulatory and compliance risk. It is the role of the Directors to ensure appropriate assessment and management of these risks. The Directors identify, quantify and assess all material risks and set prudential limits and controls.

The risks which the Company is exposed to are consistently managed across the OFX Group as a whole, including all operating subsidiaries, and are therefore managed with similar rigour and risk acceptance decisions throughout the OFX Group.

Credit risk

The carrying amount of financial assets included in the statement of financial position represents the Company's maximum exposure to credit risk in relation to those assets.

The Company does not have any significant exposure to any individual customer, counterparty or industry.

Fees receivable are usually settled within 30 days of becoming due and receivable.

Credit risk is the potential loss arising through the default of counterparties to financial assets. The Company is not exposed to any material credit risk due to cash being held with highly rated financial institutions. All credit exposure for the Company is within the United Kingdom and Australia.

Credit exposures, approvals and limits are controlled within the OFX Group's credit risk framework.

Liquidity risk

The Company does not have any long term or short term debt finance provided by external institutions. Funding is provided by the ultimate parent company to ensure the Company has sufficient funds for operations and planned expansion.

Interest rate risk

Changes in market interest rates impact upon the level of future cash flows.

The Company has interest bearing assets that are included in cash balances held at short call, which earn a variable rate of interest.

Foreign currency risk

The Company has foreign exchange exposures which include amounts payable to other OFX Group undertakings which are denominated in non-functional currencies. The Director will revisit the appropriateness of the Company's foreign exchange management policy should the Company's operation change in size or nature.

KEY PERFORMANCE INDICATORS ("KPIs")

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

	2020 £'000	2019 £'000	Change
Turnover	8,351	8,375	-0.3%
Profit before taxation	1,300	1,209	+7.5%
Client transactions in '000s	214.7	196.6	+9.2%

On behalf of the Board

Sarah Webb

Sarah Webb
Director
22 December 2020

DIRECTORS' REPORT

In accordance with a resolution of the Directors of UKForex Limited, the Directors submit the audited financial statements of the Company and report as follows.

DIRECTORS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

M Shaw
S Webb

RESULTS

The Company's profit for the financial year was £1,113,520 (2019: £986,599).

DIVIDENDS PAID OR PROVIDED FOR

A final dividend of £1,800,000 for the year ended 31 March 2019 was paid by the Company on 21 June 2019.

STATE OF AFFAIRS

There were no significant changes in the state of the affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report.

EVENTS AFTER THE REPORTING PERIOD

At the date of this report, the Directors are not aware of any matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2020 not otherwise disclosed in this report.

LIKELY DEVELOPMENTS, BUSINESS STRATEGIES AND PROSPECTS

The Directors believe that no significant changes are expected other than those already disclosed in this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The OFX Group also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of the Company and its Directors.

CREDITORS PAYMENT POLICY

It is the Company's policy to agree the terms of payment to creditors at the start of business with that supplier, ensure that suppliers are aware of the terms of payment and to pay in accordance with its contractual and other legal obligations.

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk and currency risk). The Company is not exposed to market price risk as no equity investments are held during the year.

The Company's overall risk management program is described in the Strategic Report.

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Strategic Report and Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework," and applicable law).

Under Company law the Directors must not approve the financial statements unless 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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 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.

DIRECTORS' CONFIRMATIONS
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

BREXIT

As a result of the decision to withdraw from the European Union ("EU"), the UK will leave the European Economic Area ("EEA") and the European Single Market and become a 'third country'. Unless otherwise agreed between the UK and the EU, UK-based electronic money institutions, including the Company, will no longer benefit from the freedom to provide electronic money and payment services throughout the EEA.

The Company proposes to transfer its European book of customers to its Irish affiliate company, OFX Payments Ireland Limited, with the intention that its Irish affiliate will continue to provide services to customers located in the EEA. The Irish affiliate has been authorised by the Central Bank of Ireland and is preparing to commence operations shortly. In the event that the Irish affiliate was unable to provide continuity of electronic money and payment services to the European customers, this could have a reputational and economic impact on the Company's business. The Company has carefully made preparations for customer communications to minimise any impact for the Company and the OFX Group as a whole in this scenario. The Directors have carefully considered the risks of this scenario and the wider economic impact on the Company arising from the transfer of its European business and have concluded that such risks are not so significant as to materially impact the Company's performance.

However, it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy as a consequence of Brexit. Therefore this statement is not a guarantee as to the Company's ability to continue as a going concern.

DIRECTORS' REPORT (CONTINUED)

COVID-19

Following the global outbreak of COVID-19, the Company enacted its Business Continuity plans and transitioned all of its workforce to work from home arrangements. Many of the Company's key suppliers, including its major banking counterparties, enacted similar arrangements. As a result, no major disruption to the Company's services has occurred to date as a result of COVID-19. The Company is continuing to assess any risks arising as a result of the COVID-19 pandemic and will take appropriate action as required.

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each Director in office at the date the Directors' Report is approved:

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

INDEPENDENT AUDITORS

The retiring auditor, PricewaterhouseCoopers LLP, will not be seeking re-appointment as auditor. KPMG LLP has expressed its willingness to accept appointment as auditor.

On behalf of the Board

Sarah Webb
Director
22 December 2020

Independent auditors' report to the members of UKForex Limited

Report on the audit of the financial statements

Opinion

In our opinion, UKForex Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report") which comprise: the statement of financial position as at 31 March 2020; the statement of comprehensive income, the statement of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 period ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors Responsibilities in respect of the Financial Statements set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Daniel Pearce

Daniel Pearce (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
22 December 2020

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2020

	Note	2020 £	2019 RESTATED £
Turnover		**8,350,821**	8,375,344
Administrative expenses	2	**(6,684,572)**	(6,846,699)
Finance Cost		**(42,776)**	(11,770)
Exchange Loss		**(21,996)**	(5,517)
Other operating charges		**(301,160)**	(302,092)
Profit before taxation		**1,300,317**	1,209,267
Tax on profit	4	**(186,797)**	(222,668)
Profit for the financial year		**1,113,520**	986,599
Other comprehensive income		**-**	-
Total comprehensive income for the year		**1,113,520**	986,599

The above statement of comprehensive income should be read in conjunction with the accompanying notes which form an integral part of the financial statements.

Turnover and profit before taxation relate wholly to continuing operations.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020	2019 RESTATED
		£	£
FIXED ASSETS			
Property, plant and equipment	7	**96,257**	87,063
Right of Use Asset	16	**336,672**	535,200
		432,929	622,263
CURRENT ASSETS			
Cash and cash equivalents	8	**11,953,532**	17,199,703
Receivables from immediate parent entity	9	**8,513,307**	2,150,877
Other receivables	10	**812,879**	422,102
Deferred tax assets	5	**44,067**	-
		21,323,785	19,772,682
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	11	**18,218,156**	15,976,227
Deferred tax liability	5	**-**	3,936
		18,218,156	15,980,163
NET CURRENT ASSETS		**3,105,629**	3,792,519
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,538,558**	4,414,782
Provisions for liabilities	12	**326,699**	293,137
Lease liabilities	16	**435,297**	674,199
NET ASSETS		**2,776,562**	3,447,446
Equity			
Called up share capital	13	**2**	2
Share based payment reserve	15	**29,270**	13,674
Retained earnings		**2,747,290**	3,433,770
TOTAL SHAREHOLDERS' FUNDS		**2,776,562**	3,447,446

The above statement of financial position should be read in conjunction with the accompanying notes which form an integral part of the financial statements.

The financial statements on pages 13 to 29 were approved by the Director on 22 December 2020 and signed by:

Sarah Webb

Sarah Webb
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2020

	Note	Called up share capital £	Share based payment reserve £	Retained earnings £	Total shareholders' funds £
Balance at 31 March 2018		**2**	**-**	**2,427,384**	**2,427,386**
Change in accounting policy		-	-	19,787	19,787
Restated Balance at 1 April 2018		**2**	**-**	**2,447,171**	**2,447,173**
Profit for the financial year		-	-	986,599	986,599
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**986,599**	**986,599**
Share based payment expense		-	13,674	-	13,674
Dividends paid		-	-	-	-
Balance at 31 March 2019		**2**	**13,674**	**3,433,770**	**3,447,446**
Profit for the financial year		-	-	1,113,520	1,113,520
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**1,113,520**	**1,113,520**
Share based payment expense		-	15,596	-	15,596
Dividends paid	14	-	-	(1,800,000)	(1,800,000)
Balance at 31 March 2020		**2**	**29,270**	**2,747,290**	**2,776,562**

The above statement of changes in equity should be read in conjunction with the accompanying notes which form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

1. ACCOUNTING POLICIES

a) General Information

UKForex Limited ("The Company") is a private company limited by shares, incorporated and domiciled in the United Kingdom. The Company is located at The Whitechapel Building, 10 Whitechapel High Street, London, E1 8QS. The Company's registration number is 04631395.

b) Basis of preparation

(i) Compliance with FRS 101

These financial statements are prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

These financial statements have been prepared under new FRS 101 Reduced Disclosure Framework ("FRS 101"), which applies the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union with reduced disclosures.

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

- The requirements of paragraphs 45(b) and 46-52 of IFRS 2 'Share-based Payment' (details of the number and weighted average exercise price of share-based payment arrangements concerning equity instruments of another group entity and how the fair value of goods or services received was determined).
- The requirements of IFRS 7 'Financial Instruments: Disclosures.'
- The requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The requirements of paragraphs 38 of International Accounting Standards ("IAS") 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - Paragraph 79(a)(iv) of IAS 1 (reconciliation of shares outstanding)
  - Paragraph 73I of IAS 16 'Property, Plant and Equipment.'
- The requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 40A to 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements' (additional comparatives and capital management disclosures).
- The requirements of IAS 7 'Statement of Cash Flows.'
- The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' (disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- The requirements of paragraph 17 of IAS 24 'Related Party Disclosures' (key management compensation).
- The requirements of IAS 24 to disclose related party transactions entered into between two or more members of a group where both parties to the transaction are wholly owned within the group.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135I to 135I of IAS 36 'Impairment of Assets.'

(ii) New standards adopted by the Company

The Company has applied the following standards for the first time for their annual reporting period commencing 1 April 2019:

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

1. **ACCOUNTING POLICIES (continued)**

b) **Basis of preparation (continued)**

(ii) New standards adopted by the Company (continued)

- IFRS 16 'Leases'

IFRS 16 Leases has mandatory application from 1 January 2019 and was adopted by the Company on 1 April 2019, with full retrospective application.

On adoption, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IFRS 16 Leases. Refer to Note 14 Leases.

The impact on the Company's financial statements resulting from the adoption of IFRS 16 arises from property lease contracts. Adopting the standard has resulted in the recognition of a right-of-use asset with a value of £0.34 million and a corresponding liability of $0.44 million at 31 March 2020 (31 March 2019: £0.54 million right-of-use asset and £0.67 million corresponding liability, 1 April 2018: £0.1 million right-of-use asset and £0.12 million corresponding liability). Total right-of-use asset depreciation expense was £0.2 million and interest expense was £0.04 million for the period ended 31 March 2020 (31 March 2019: £0.2 million depreciation expense and £0.01 million interest expense; 1 April 2018: £0.004 million decrease in retained earnings).

The restatement of the affected financial statement line items for the previous periods in this report is as follows:

Balance sheet 31 March 2019 (extract)

	31 March 2019	Increase/ (Decrease)	31 March 2019 (Restated)
Right-of-use asset	-	535,200	535,200
Total assets	**19,859,745**	**535,200**	**20,394,945**
Lease liabilities	-	674,199	674,199
Lease incentive and leasehold provision	217,516	(147,516)	70,000
Total liabilities	**16,420,816**	**526,683**	**16,947,499**
Retained earnings	3,425,253	8,517	3,433,770
Total equity	**3,438,929**	**8,517**	**3,447,446**

Operating lease commitments disclosed as at 31 March 2019 was £0.55 million. The difference between operating lease commitments disclosed and lease liabilities of £0.67 million recognised on restatement as at 31 March 2019, is primarily attributable to the difference in the treatment of extension options on existing lease arrangements under the new standard.

Income statement 31 March 2019 (extract)

	31 March 2019	Increase/ (Decrease)	31 March 2019 (Restated)
Administration expenses and finance cost	(6,847,199)	(11,270)	(6,858,469)
Net profit attributable to ordinary shareholders	**997,869**	**(11.270)**	**986,599**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

c) **Critical accounting estimates and significant judgements**

The preparation of the financial statements in conformity with FRS 101 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 to the Company and the financial statements such as:

- Measurement of current and deferred tax liabilities (Note 5);

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 preparing the 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 that are different from our assumptions and estimates could require an adjustment to the carrying amounts of the assets and liabilities reported.

d) **Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the next 12 months and into the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Brexit

As a result of the decision to withdraw from the European Union ("EU"), the UK will leave the European Economic Area ("EEA") and the European Single Market and become a 'third country'. Unless otherwise agreed between the UK and the EU, UK-based electronic money institutions, including the Company, will no longer benefit from the freedom to provide electronic money and payment services throughout the EEA.

The Company proposes to transfer its European book of customers to its Irish affiliate company, OFX Payments Ireland Limited, with the intention that its Irish affiliate will continue to provide services to customers located in the EEA. The Irish affiliate has been authorised by the Central Bank of Ireland and is preparing to commence operations shortly. In the event that the Irish affiliate was unable to provide continuity of electronic money and payment services to the European customers, this could have a reputational and economic impact on the Company's business. The Company has carefully made preparations for customer communications to minimise any impact for the Company and the OFX Group as a whole in this scenario. The Directors have carefully considered the risks of this scenario and the wider economic impact on the Company arising from the transfer of its European business and have concluded that such risks are not so significant as to materially impact the Company's performance.

However, it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy as a consequence of Brexit. Therefore, this statement is not a guarantee as to the Company's ability to continue as a going concern.

COVID-19

Following the global outbreak of COVID-19, the Company enacted its Business Continuity plans and transitioned all of its workforce to work from home arrangements. Many of the Company's key suppliers, including its major banking counterparties, enacted similar arrangements. As a result, no major disruption to the Company's services has occurred to date as a result of COVID-19. The Company is continuing to assess any risks arising as a result of the COVID-19 pandemic and will take appropriate action as required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

e) **Turnover**

Turnover is derived from the provision of foreign exchange related services on behalf of the Company's parent, OzForex Limited. Turnover for the year comprises service fee income which is allocated from the parent company. In the year ended 31st March 2018, the Company entered into an intercompany services agreement (the Services Agreement) with OzForex Limited to provide reciprocal support services and management services. Pursuant to the Services Agreement, the Company was reimbursed for all operating expenses related to services provided to OzForex Limited and retained 10% of total earnings in three years ended 31 March 2020, 31 March 2019 and 31 March 2018.

f) **Net interest income/expense**

Interest receivable and similar income and interest payable and similar charges are brought to account on an accruals basis using the effective interest method. The effective interest method calculates the amortised cost of a financial instrument and allocates the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

g) **Cash and cash equivalents**

Cash at bank comprises cash on hand and deposits held at call with banks.

h) **Taxation and deferred taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is provided fully in respect of all timing differences between the accounting and tax treatment of income and expenses, at the reporting date, the anticipated reversal of which will result in a change in the future liability to tax. The provision is calculated using the rates expected to be applicable when the asset or liability crystallises based on current tax rates and law and is measured on a non-discounted basis. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

i) **Financial liabilities**

The Company holds customer liabilities which are initially recognised in the Statement of Financial Position at their fair value and subsequently measured at amortised cost using the effective interest method.

j) **Performance based remuneration**

Short term incentives

The provision balance in relation to bonuses payable to staff employed by the Company for the year ended 31 March 2020 is £147,445 (2019: £177,285).

Share based payments

The Company recognises a share based payment expense in relation to performance rights granted to its employees with an offsetting adjustment recognised as a contribution to capital from the shareholders. The performance rights are measured at their grant dates based on their fair value using the number expected to vest. This amount is recognised as an expense evenly over the respective vesting periods.

The Company annually revises its estimates of the number of shares that are expected to vest. Where appropriate, the impact of revised estimates is reflected in the income statement over the remaining vesting period, with a corresponding adjustment to the share based payment reserve.

The long term incentive plan is based on the grant of performance rights that vest into shares on a one-to-one basis at no cost to the employee. Settlement of the performance rights is made in ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

k) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation on all assets is calculated on a straight line basis over the estimated useful lives of the assets. The rates of depreciation are as follows:

Furniture and fittings	25%
Computer equipment	25 – 33%
Leasehold improvements*	20%

* Where remaining lease terms are less than five years, leasehold improvements are depreciated over the remaining lease term.

Useful lives and residual values are reviewed annually and reassessed in light of commercial and technological developments. If an asset's carrying value is greater than its recoverable amount due to an adjustment to its useful life, residual value or impairment, the carrying amount is written down immediately to its recoverable amount.

Adjustments arising from such items and on disposal of fixed assets are recognised in the profit and loss account. Gains and losses on disposal are determined by comparing proceeds with the asset's carrying amount and are recognised in the profit and loss account. When revalued assets are sold it is Company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

l) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to sterling using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement.

m) Provision for liabilities and charges

A provision is recognised where the Company has a present legal or constructive obligation to make a payment as a result of a past event where it is more probable than not that a transfer of economic benefit will be required to settle the obligation and the amount can be reliably estimated.

n) Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. There were no new shares issued during the period ended 31 March 2020 (2019: nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020 (CONTINUED)

2. ADMINISTRATIVE EXPENSES

Profit before income tax is stated after charging/ (crediting):

	2020	2019
	£	£
Employment expenses:		
Wages and salaries	**3,471,837**	3,080,473
Social security costs	**371,536**	328,279
Other pension costs	**142,061**	80,323
	3,985,434	3,489,075
Promotional expenses	**835,551**	1,794,367
Bank Fees	**814,209**	718,271
Occupancy expenses	**182,511**	177,648
Compliance expense	**311,747**	186,305
Depreciation charges	**235,595**	243,470
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of the Company	**19,000**	27,730
Other services relating to taxation	**7,560**	6,600
	26,560	34,330
Other expenses	**292,965**	203,233
	6,684,572	6,846,699

3. EMPLOYEE INFORMATION

The average number of persons employed by the Company during the year calculated on a monthly basis was:

	2020	2019
	No.	No.
Revenue generating services	**33**	32
Revenue enabling services	**23**	22
	56	54

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020 (CONTINUED)

4. TAX ON PROFIT

Analysis of tax charge for the year

	2020 £	2019 £
Current tax:		
UK corporation tax at 19% (2019: 19%)	234,799	216,246
Total current tax	234,799	216,246
Deferred tax:		
Origination and reversal of timing differences (note 5)	(48,002)	6,422
Total deferred tax	(48,002)	6,422
Tax on profit	186,797	222,668

Factors affecting tax charge for the year

The taxation charge for the year ended 31 March 2020 lower (2019: lower) than the standard rate of corporation tax in the United Kingdom of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Profit before income tax	1,300,317	1,209,267
Profit before income tax multiplied by standard rate of corporation tax in the United Kingdom of 19% (2019: 19%)	247,060	229,761
Effects of:		
Expenses (deductible)/non-deductible for tax purposes	66,529	(2,301)
Adjustments in respect of timing differences	(78,790)	(11,214)
	234,799	216,246

5. DEFERRED TAX ASSETS/ (LIABILITY)

	2020 £	2019 £
At 1 April	(3,936)	2,486
Timing differences:		
Amount credited/(debited) to profit and loss (Note 4)	48,002	(6,422)
Deferred tax asset/ (liability) recognised at 31 March	44,066	(3,936)
The deferred tax comprises:		
Timing differences in respect of leave entitlements and provisions	34,081	10,901
Accelerated capital allowance	(74,173)	(14,837)
Timing differences in respect to lease liabilities	84,158	0
Deferred tax asset/ (liability) recognised at 31 March	44,066	(3,936)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted as at the Balance Sheet date. The finance Act 2016 reduced the tax rate to 17% (effective from 1 April 2020).

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020 (CONTINUED)

6. DIRECTORS' REMUNERATION

	2020	2019
	£	£
Amounts paid to Directors in relation to their role as Directors of the entity:		
Salaries and other employment fees	**281,072**	34,206
	281,072	34,206

Other Directors' are remunerated by the parent OzForex Limited.

7. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Furniture and fittings	Computer equipment	Total
	£	£	£	£
COST				
At 1 April 2018	135,458	75,041	218,353	428,852
Additions	43,742	21,166	21,904	86,812
Disposals	-	-	-	-
At 31 March 2019	**179,200**	**96,207**	**240,257**	**515,664**
ACCUMULATED DEPRECIATION				
At 1 April 2018	121,336	60,704	204,997	387,037
Charge for the year	18,324	8,454	14,786	41,564
Disposals	-	-	-	-
At 31 March 2019	**139,660**	**69,158**	**219,783**	**428,601**
NET BOOK AMOUNT				
31 March 2019	**39,540**	**27,049**	**20,474**	**87,063**
31 March 2018	14,122	14,337	13,356	41,815

	Leasehold improvements	Furniture and fittings	Computer equipment	Total
	£	£	£	£
COST				
At 1 April 2019	179,200	96,207	240,257	515,664
Additions	383	1,269	44,612	46,264
Disposals	-	-	-	-
At 31 March 2020	**179,583**	**97,476**	**284,869**	**561,928**
ACCUMULATED DEPRECIATION				
At 1 April 2019	139,660	69,158	219,783	428,601
Charge for the year	15,430	7,279	14,361	37,070
Disposals	-	-	-	-
At 31 March 2020	**155,090**	**76,437**	**234,144**	**465,671**
NET BOOK AMOUNT				
31 March 2020	**24,493**	**21,039**	**50,725**	**96,257**
31 March 2019	**39,540**	**27,049**	**20,474**	**87,063**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020 (CONTINUED)

8. CASH AND CASH EQUIVALENTS

	2020	2019
	£	£
Segregated client accounts	**11,853,127**	17,032,058
Company bank accounts	**100,405**	167,645
	11,953,532	17,199,703

9. RECEIVABLES FROM IMMEDIATE PARENT ENTITY

	2020	2019
	£	£
Amounts owed by immediate parent undertaking	**8,513,307**	2,150,877
	8,513,307	2,150,877

Amounts owed by the immediate parent undertaking are unsecured, non-interest bearing, and have no fixed date of repayment.

10. OTHER RECEIVABLES

	2020	2019
	£	£
Deposits	**70,674**	176,553
Prepayments and other income	**157,402**	165,366
Current tax assets	**102,075**	12,544
Other receivables	**482,727**	67,639
	812,879	422,102

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	**140,731**	79,710
Customer liabilities	**17,731,111**	15,532,481
Other creditors	-	7,010
Provision for income tax	-	-
Accruals and deferred income	**346,314**	357,025
	18,218,156	15,976,226

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020 (CONTINUED)

12. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
At 1 April	**293,137**	169,693
Change on accounting policy (AASB16)		57,613
Paid during the year	**(352,938)**	(304,938)
Charged to profit and loss	**386,500**	370,769
At 31 March	**326,699**	293,137

The provision balance in relation to bonuses payable to staff employed by the Company for the year ended 31 March 2020 is £147,445 (2019: £177,285).

A provision of £109,254 (2019: £45,851) has been made for employee leave entitlements and a provision of £70,000 (2019: £12,388) has been made for make-good obligations under the current operating lease. The majority of both provisions are expected to be paid within 1 year.

13. CALLED UP SHARE CAPITAL

	2020	2019
	£	£
ALLOTTED AND FULLY PAID		
2 (2019: 2) ordinary shares of £1 each	**2**	2

The ordinary shares carry one vote per share, are entitled to participate equally in dividends and, if the Company was to be wound up, share in the proceeds of the Company after all the debts have been settled.

14. DIVIDENDS PAID

A final dividend of £1,800,000 for the year ended 31 March 2019 was paid by the Company to its parent, OzForex Limited .

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020 (CONTINUED)

15. SHARE BASED PAYMENTS

The OFX Group, including UKForex Limited, has a number of employee share based payment plans as described below.

Performance Rights

Performance rights are currently issued under the ultimate parent entity's Global Equity Plan. Performance rights are issued to employees eligible to receive deferred short-term incentive (STI) awards and also to eligible employees as reward for performance. Performance rights are granted at no cost and are settled in ordinary shares of OFX Group Limited on a one-for-one basis.

If the employee leaves during or before the performance period due to illness, redundancy or death, any granted rights which the Board has the discretion to allow them to vest, otherwise will lapse. If the employee leaves due to other reasons, the granted rights may be forfeited at the Board's discretion.

During the 2020 financial year, there were no issuances relevant to UKForex Limited under the OFX Group Global Equity Plan (2019: nil).

Executive Share Plan (ESP)

In 2019, the ultimate parent company began offering share grants of OFX Group Limited common stock under an Executive Share Plan (the ESP). Under the ESP, eligible executives are provided with an interest free, non-recourse loan from the ultimate parent company for the sole purpose of acquiring shares in OFX Group Limited. Executives may not trade the shares while the loan remains outstanding and any dividends paid on the shares are applied (on an after-tax basis) towards repaying the loan. The OFX Group Limited Board of Directors has implemented a gateway level of minimum performance, as defined, below which no benefit accrues. Where the minimum performance gateway is met, there is a total shareholder return target measure allowing for partial loan forgiveness. If the executive leaves within the vesting period the shares allocated are returned to the ultimate parent company, subject to the discretion retained by the Board of Directors of OFX Group Limited. Following the end of the vesting period, assuming the gateway is achieved, the executive can either repay the loan directly or sell some or all of their shares and apply the proceeds to repay the loan. Shares remain restricted until the loan is repaid. Executives are entitled to exercise the voting rights attached to the shares from the date of grant. Share grants under the ESP are treated as options for accounting purposes due to the structure of the ESP.

In the year ended 31 March 2020, the Company recorded £15,596 (2019: £13,674) of stock-based compensation related to the ESP. No income tax benefits have been recognised in the statement of income for stock-based compensation arrangements and no stock-based compensation costs have been capitalised as property and equipment as of 31 March 2020. The fair value of each grant is estimated on the date of grant using an internally developed model. The expected life of the grants represents the time to expiration. The risk-free interest rate is estimated based on treasury rates at the time of grant. Future stock-based compensation for grants outstanding as of 31 March 2020 is £34,060 to be recognised over the weighted-average remaining requisite service period of 2.18 years.

As of 31 March 2020, 216,593 shares were vested (2019: 181,058), but restricted subject to certain performance measures, with a weighted-average exercise price of AUD $1.56 (2019: AUD $1.77). The weighted-average grant date fair value of options granted in the current year was AUD $0.30 (2019: AUD $0.54).

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020 (CONTINUED)

15. SHARE BASED PAYMENTS (CONTINUED)

Employee Share Scheme (ESS)

The ultimate parent company introduced a global employee share plan, the Employee Share Scheme (the ESS) in 2019, under which employees can be awarded shares of OFX Group Limited on an annual basis. Eligibility is subject to certain service requirements and shares are awarded on a restricted basis and are generally not eligible to be traded until the earlier of termination of three years of employment. As of 31 March 2020, the Company recorded 11,470 shares awarded under the ESS which remained outstanding. Compensation expense related to the ESS awards was nil in the current year (2019: £11,050)

16. LEASES

Until the 2019 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. Under IFRS 16, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Company leases the premises at part 4th floor, 10 Whitechapel High Street, London for UK London office. Rental contracts are for fixed periods of three years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable and
- Variable lease payments that are based on an index or a rate.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate and in the absence of third-party borrowings, the Company uses a build-up approach that starts with a risk-free interest rate (1.3%), adjusted for credit risk for leases held by the Company (4.25%), and makes additional adjustments specific to the lease, eg term, country, currency and security (0.3%), resulting at the applied rate of 5.85% used at the date of initial application.

Extension options are included in the Company's property leases. The extension options are exercisable only by the Company and not by the respective lessor. In determining the lease term, which forms part of the initial measurement of the right-of-use asset and lease liability, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Subsequent to initial measurement, the lease liability is reduced for payments made and increased for interest incurred. The liability is remeasured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is remeasured, a corresponding adjustment is made to the value of the right-of-use asset. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020 (CONTINUED)

16. LEASES (continued)

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and the Company does not have any that is one month or less. Low-value assets comprise IT equipment and small items of office furniture.

Amounts recognised in statement of comprehensive income and the balance sheet, relating to lease are as follow:

	2020	2019
Right-of-use asset	**£**	**£**
Buildings	**336,672**	**535,200**
Total Lease Assets	**336,672**	**535,200**
Lease liabilities		
Current	**256,825**	242,712
Non-Current	**178,472**	431,487
Total lease liabilities	**435,297**	**674,199**
Depreciation charge of right-of-use asset	**£**	**£**
Buildings	**198,526**	201,905
Total depreciation charge	**198,526**	201,905
Total interest expense	**43,798**	11,770
Total cash outflow	**282,700**	202,405

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020 (CONTINUED)

17. RELATED PARTY INFORMATION

As 100% of the voting rights of the Company are controlled within the OFX Group headed by OFX Group Limited, incorporated in Australia, the Company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the OFX Group. The consolidated financial statements of OFX Group Limited, within which the Company is included, can be obtained from the given address in Note 18.

Key management personnel transactions could include not only compensation but also other transactions (e.g. loans granted, additional services provided, transactions with KMP's (Key Management Personnel) entities.

18. ULTIMATE PARENT UNDERTAKING

The immediate parent company is OzForex Limited and the ultimate parent undertaking and controlling party of the Company, which is the parent undertaking of the smallest and largest group to consolidate these financial statements, is OFX Group Limited, a company incorporated in Australia and listed on the ASX. Copies of the consolidated financial statements for OFX Group Limited can be obtained from the Company Secretary, Level 19, 60 Margaret Street, Sydney, New South Wales, 2000, Australia.

19. AUDIT AND OTHER SERVICES

The auditors' remuneration for auditing services of the Company of £19,000 was provided by PricewaterhouseCoopers LLP for the financial year ended 31 March 2020 (2019: £27,730). These costs have been borne by the Company.

The remuneration for other services relating to taxation of £7,560 was provided by PricewaterhouseCoopers LLP for the financial year ended 31 March 2020 (2019: £6,660). These costs have been borne by the Company.

20. SUBSEQUENT EVENTS

There were no material post balance sheet events occurring after reporting date requiring disclosure in these financial statements.

21. APPROVAL OF FINANCIAL STATEMENTS

The financial statements on pages 13 to 29 was approved by the Director on 22 December 2020.

22. FUTURE ACCOUNTING PRONOUNCEMNETS

The following pronouncement is not applicable for the year ended 31 March 2020 and has not been applied in preparing these financial statements. The impact of this accounting change is still being assessed by the Company and reliable estimates cannot be made of this stage. At the date of signing these financial statements, this pronouncement had been endorsed by the EU.

Minor amendments to other accounting standards

The IASB has issued a number of minor amendments to IFRS effective 1 January 2020 (including IFRS 3 Business Combinations and IAS 1 presentation of Financial Statements). These amendments are not expected to have a significant impact on the Company.