

World First UK Limited
Financial Statements
For 11 month period to 31 December 2015



Company Registration No.05022388

General information

Directors

Sir David Cecil Clementi (Chairman)
Mr Jonathan Aitken Quin (Chief Executive Officer)
Mr Nicholas James Gray Robinson (Vice Chairman)
Mr Alexander Filshie (Chief Financial Officer)
Mr Brad Bernstein
Mr Kyle Griswold

Company secretary

Mrs Rosheen Fischer

Registered office

Millbank Tower
21-24 Millbank
London
SW1P 4QP

Auditor

Ernst & Young LLP

Bankers

Barclays Bank Plc

Index

General information.....	1
Strategic report.....	1
Directors' report.....	5
Independent auditor's report to the members of World First UK Ltd	8
Consolidated statement of comprehensive income	10
Consolidated balance sheets	11
Company balance sheets.....	12
Consolidated statement of changes in equity	13
Company statement of changes in equity	14
Consolidated cash flow statements.....	15
Notes to the financial statements.....	16

World First UK Ltd

Period ended 31 December 2015

Strategic report

A period of change

The core mission of World First continues to be delivering a fairer exchange to our personal and corporate customers. We do this with our informed, friendly and helpful customer services staff, highly developed technology and our industry leading regulatory and compliance platform.

In the period ended 31 December 2015, the Board made some significant changes to the Group. These recognise both the scale and complexity of the organisation World First has become and ensure we are well placed to address the challenges and opportunities ahead of us as we continue to build a global business.

Firstly, we have continued investment in our people. In the UK, we have added to our customer services teams, technology and operations staff and our control functions. We have particularly focused on our international operations, adding to our staff serving customers in Asia, Australia and in the USA. The Directors made changes to the Board itself and the leadership team in 2015. We strengthened the executive team with the appointment of a global Head of Human Resources and a Chief Commercial Officer. This was followed by a Chief Financial Officer in early 2016, who now joins the Board. There have been a limited numbers of exits during the period and the Board has also revisited the approach to longer term incentive compensation, in particular the accounting and presentation for share based payments in note 18 to the financial statements.

Secondly, we have grown our customer base in all parts of the business. Feedback from our customers remains extremely positive with independently assessed satisfaction levels sustained at an industry beating 98%. The directors are encouraged to see the further development of the World First brand in the UK and our international markets.

Thirdly, we have maintained our technology capability, improving the efficiency of our systems and enhancing the World First Online platform for our customers by improving the customer navigation and adding additional language capability.

Finally, we have made changes to way the Group reports and presents its results. Our financial year end has changed from January to December, meaning this report presents an eleven month period to December 2015. We have reviewed our accounting policies to bring the group fully into line with appropriate accounting standards and presentation. To help deliver this properly we appointed Ernst & Young as global external auditor and conducted a full review of our end to end accounting policies and processes. One impact of this work is a re-statement of the prior period results which is explained in detail in notes to the financial statements.

World First UK Ltd

Period ended 31 December 2015

Strategic report

Business performance and progress

The Financial Statements on pages 10 to 15 and accompanying Notes on pages 16 to 53 report the full results of the Group as reported under International Financial Reporting Standards.

The underlying performance of the Group is tracked by the Board and continues to be very strong in terms of both growth and profitability as shown by the table below, which provides an annualised view of the Group's 2015 results, highlighting non-recurring costs and adjusting for the 11 month reporting period.

	Period ended 31 December 2015 £'000	Annualised £'000	Year ended 31 January 2015 £'000	Annualised Growth %
Revenue	56,826	61,992	37,296	66%
Operating expenses	(46,145)	(49,983)	(28,024)	78%
Less non-recurring items	3,931	3,931	-	-
	(42,214)	(46,052)	(28,024)	64%
Underlying operating profit	14,612	15,940	9,272	72%

Non-recurring items reflect the costs of the one-off changes highlighted above which relate to staff exit costs, compensation scheme changes, non-recurring business changes and discrete costs associated with the requirement to re-present prior year financial results. The non-recurring items have all been included in the results for the 11 months ended 31 December 2015 however the Directors believe this extra breakdown provides a clear and simple summary of the underlying performance of the Group. Operating profit for the period was £10,681k (January 2015: £9,272k).

Our staff

During the period, our total number of staff has grown significantly and it is the energy, talent and commitment of World First employees that ensures we can delight our customers and continue to build our business with the unique culture and values which set us apart. In addition to the development opportunities provided to employees, the Group remains committed to flexible working styles where possible, and has established programmes of review, appraisal and feedback gathering in order to ensure engagement remains at its highest.

As part of our wider commitment to the communities in which we operate, World First continues to support a wide range of charities allowing staff members to commit time and resources to their selected charitable organisations.

The UK referendum and Brexit

On 23 June, the UK voted to leave the European Union. Whilst it is unclear what the long term impact of this vote may be for the UK and for Europe more broadly, the levels of customer activity and volatility in foreign exchange rates both before and after the referendum itself were the most notable external event following the end of the financial year.

World First prepared thoroughly for these events ensuring our business was ready and able to operate successfully for our customers throughout the referendum period. Whilst we experienced very high levels of customer and transaction activity, most particularly on the day of the referendum itself, our systems, technology and people in all of our offices performed incredibly well demonstrating both our capabilities and capacity.

In the short period since the Referendum, our business volumes have remained strong. The Board will continue to focus on the longer term potential impact of "Brexit" on our customers and our business, although it is significant to note that the greater proportion of our business now originates outside of the UK and Europe, as a consequence of our international growth.

World First UK Ltd

Period ended 31 December 2015

Strategic report

Principal risks and uncertainties

Having commenced operations in the UK in 2004, World First now operates an increasingly global business in a dynamic and competitive sector. In addition to foreign exchange and market risks, credit risks and operational risks arising from the business, described in detail in note 14, the Board continually monitors potential threats from competitors and changes in the market place which could affect the performance and future growth prospects of the Group. Members of the leadership team actively participate in industry bodies and trade organisations to ensure commercial, technological and regulatory developments are tracked and understood.

Regulatory environment

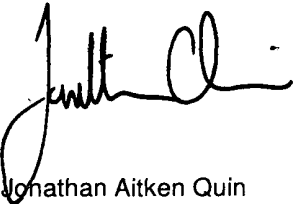
As detailed in the Directors' Report and the Notes to the Financial Statements, the Group operates through multiple legal entities in different parts of the world. The Board and management ensure each of the operating companies in the Group operates within the standards and risk limits determined by the Board and in all cases within the scope of individual licenses which the Group holds.

In February 2016 World First UK Limited secured an e-Money license from the UK Financial Conduct Authority, enabling further development of our services to customers. In addition, in April 2016 World First Markets Limited was elevated from Small Firm to Medium Firm in accordance with the FCA rules, reflecting the increased scale of the activities of this Company.

Looking ahead

World First has achieved a lot this year and now looks forward to building on our successes and pursuing the opportunities in our markets, delivering for our customers and extending the activities of the group.

We're changing money



Jonathan Aitken Quin
Director

30 September 2016

World First UK Limited

Period ended 31 December 2015

Directors' report

The Directors are pleased to present their report to the members together with the audited company and consolidated financial statements of World First UK Ltd (the "Company") and its subsidiaries (together the "Group").

The principal activity of the Group is that of a specialist foreign exchange and payments provider to individuals and corporate clients. The Group offers foreign exchange spot, forward and option contracts to clients.

In the current period, the Group changed its financial year end for all operating companies from 31 January to 31 December. As a result, the current period financial statements are for 11 months from 1 February 2015 to 31 December 2015 and the results are not directly comparable to the prior period.

Directors of the Company

- Sir David Cecil Clementi (Chairman)
- Mr Jonathan Aitken Quin (Chief Executive Officer)
- Mr Nicholas James Gray Robinson (Vice Chairman)
- Mr Alexander Filshie (Chief Financial Officer, appointed 29 September 2016)
- Mr Brad Bernstein
- Mr Kyle Griswold
- Mrs Elizabeth Dobson (resigned 14 January 2016)
- Mr Alex L R Sullivan (resigned 18 November 2015)
- Mr Magnus Batsvik-Miller (resigned 14 January 2016)

Directors' responsibilities statement

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, and the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the Company and of the profit or loss of the group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- in respect of the Group financial statements, state whether IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- in respect of the parent company financial statements, state whether applicable UK Accounting Standards, including FRS 101, 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 and/or the group will continue in business.

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

World First UK Limited

Period ended 31 December 2015

Directors' report

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' report are listed on page 5. Having made enquiries of fellow Directors and of the Company's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Regulated operations of the Group

World First UK Limited is authorised in the UK by the Financial Conduct Authority as an electronic money Institution under the electronic money regulations 2011. World First UK Limited is also registered in Canada with the Financial Transactions and Reports Analysis Centre of Canada.

World First Markets Limited is authorised and regulated in the UK by the Financial Conduct Authority as an investment firm.

World First Pty Limited is regulated in Australia by the Australian Securities and Investments Commission (ASIC) AFS. It is also a designated remittance provider registered with AUSTRAC.

World First USA, Inc. is incorporated in Delaware and is registered as a Money Services Business in the United States with FinCEN. MSB. It is also registered as a non-depository financial institution with the National Mortgage Licensing system NMLS. World First USA, Inc. is also registered in Canada with the Financial Transactions and Reports Analysis Centre of Canada.

World First Asia Limited is registered in Hong Kong and is regulated as a Money Services Operator by the Hong Kong Customs and Excise Department.

World First Asia Pte Limited is registered in Singapore is regulated as a remittance business by the Monetary Authority of Singapore.

World First Asia Pte Limited is registered in Singapore operating as an administrator of Asian sales leads for the UK business regulated by MAS.

Financial instruments

The Group finances its activities with a combination of cash and short term deposits. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Group's operating activities. The Group also enters into derivative transactions, including principally foreign currency options and forward currency contracts. The purpose is to fulfil customer transactions and manage currency risks arising from the Group's operations and its sources of finance.

Financial instruments give rise to foreign currency, credit, price and liquidity risk. Information on the objectives, policies and processes used to manage each risks are set out in Note 14 accompanying the financial statements.

Donations

The Company donated £127k (January 2015: £107k) to a selection of charities nominated by staff (none of which were political organisations).

Employee involvement

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the period, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the Company, has been continued through a periodic newsletter in which employees have also been encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

World First UK Limited

Period ended 31 December 2015

Directors' report

Directors' liabilities

The Group has in place a Directors' and Officers' insurance policy to cover relevant individuals against claims arising from their work on behalf of the Company and its subsidiaries. The Directors intend to keep the level of cover provided under annual or more frequent review if appropriate.

Events since the balance sheet date

Since the period end, there has been considerable volatility in the foreign exchange markets due to the EU membership referendum, especially between Sterling and Euro. The Group has taken appropriate steps to manage the risks of this increased volatility and continues to trade in a prudent and profitable manner.

The Group has continued with its strategy to invest and develop its operations in the UK and overseas. After the balance sheet date, the Company invested a total of £9.8m into its subsidiaries in support of business growth.

In the first half of 2016 the USA operations relocated from Virginia to Austin as part of a business restructuring plan.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Dividends

The Directors do not recommend a dividend for the 11 month period to 31 December 2015 (January 2015: Nil).

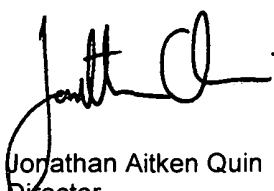
Future developments

World First has continued to develop and expand during the period and the Board consider there are significant further opportunities to build our business and serve more customers in Asia, Europe and the Americas.

Auditors

A resolution to reappoint Ernst & Young as auditors will be put to members at the Annual General Meeting.

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



Jonathan Aitken Quin
Director

30 September 2016

World First UK Ltd

Period ended 31 December 2015

Independent auditor's report to the members of World First UK Ltd

We have audited the financial statements of World First UK Ltd (the "Company") and its subsidiaries (collectively the "Group") for the 11 month period ended 31 December 2015 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, the Company Balance Sheet, the Company Statement of Changes in Equity and the related notes 1 to 25. The financial reporting framework that has been applied in the preparation of the Group's consolidated financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Company's financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 and express an opinion on 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 Group's and 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 Financial Statements 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.

World First UK Ltd

Period ended 31 December 2015

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Company's affairs as at 31 December 2015 and of the Group's profit for the period then ended;
- the Group's consolidated financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the Company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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



Robert McCracken (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
30 September 2016

Notes:

1. The maintenance and integrity of the World First UK Ltd web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

World First UK Limited

Period ended 31 December 2015

Consolidated statement of comprehensive income

		11 months ended 31 December 2015	Year ended 31 January 2015 as restated
		£'000	£'000
	Notes		
Revenue	3	56,826	37,296
Operating expenses	5	(46,145)	(28,024)
Operating profit		10,681	9,272
Interest receivable and similar income		140	119
Interest payable and similar charges		(65)	(17)
Profit on ordinary activities before taxation		10,756	9,374
Tax charge on profit on ordinary activities	7	(1,420)	(1,779)
Profit for the financial period		9,336	7,595
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		424	212
Total comprehensive income		9,760	7,807
Profit attributable to:			
Non-controlling interests		(29)	(11)
Owners of the parent		9,365	7,606
		9,336	7,595
Comprehensive income attributable to:			
Non-controlling interests		(29)	(11)
Owners of the parent		9,789	7,818
		9,760	7,807

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

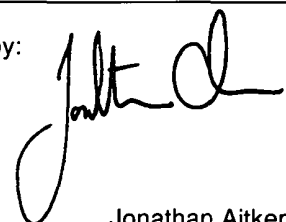
World First UK Limited

Period ended 31 December 2015

Consolidated balance sheets

		As at 31 December 2015 £'000	As at 31 January 2015 as restated £'000	As at 1 February 2014 as restated £'000
	Notes			
Non-current assets				
Property and equipment	8	1,331	1,378	236
Intangible assets	9	3,340	2,020	1,121
Derivative financial instruments	11	9,506	10,632	3,873
Deferred tax asset	7	1,615	612	200
Total non-current assets		15,792	14,642	5,430
Current assets				
Cash and cash equivalents		17,356	6,846	11,487
Collateral placed with banks		27,609	20,345	15,891
Cash and cash equivalents held for customers		170,938	84,696	23,578
Trade and other receivables	12	140,779	106,657	52,534
Corporation tax		119	61	-
Derivative financial instruments	11	34,974	40,904	22,618
		391,775	259,509	126,108
Total assets		407,567	274,151	131,538
Current liabilities				
Trade and other payables	13	100,379	86,151	42,112
Corporation tax		1,564	912	1,129
Amounts due to customers		236,326	117,104	51,573
Derivative financial instruments	11	29,953	39,052	21,610
Deferred tax liability	7	48	378	-
		368,270	243,597	116,424
Non-current liabilities				
Derivative financial instruments	11	9,314	10,537	3,621
Other payables		663	418	-
Net assets		29,320	19,599	11,493
Capital and reserves				
Called up share capital	17	1,001	1,001	1,000
Share premium	19	265	-	-
Share based payment reserve	19	313	291	310
Retained earnings	19	26,992	17,809	9,944
Foreign exchange reserve	19	749	325	113
Non-controlling interests		-	173	126
Total shareholders' funds		29,320	19,599	11,493

The financial statements were approved by the Board and signed on its behalf by:



Jonathan Aitken Quin
Director


30 September 2016

The accompanying accounting policies and explanatory information form an integral part of the financial statements

World First UK Limited
Period ended 31 December 2015
Company balance sheets

		As at 31 December 2015	As at 31 January 2015 as restated
	Notes	£'000	£'000
Non-current assets			
Property and equipment	8	718	1,010
Intangible assets	9	3,340	2,020
Investments in subsidiaries	10	5,980	4,322
Derivative financial instruments	11	1,569	2,210
Total non-current assets		11,607	9,562
Current assets			
Cash and cash equivalents		1,548	2,065
Corporation tax		365	-
Collateral placed with banks		6,898	9,095
Cash and cash equivalents held for customers		156,991	77,262
Trade and other receivables	12	117,942	87,192
Derivative financial instruments	11	17,104	18,905
Amounts due from related companies		29,539	19,125
		330,387	213,644
Total assets		341,994	223,206
Current liabilities			
Trade and other payables	13	86,868	76,828
Corporation tax		-	957
Amounts due to customers		142,520	92,116
Amounts due to customers of subsidiaries		79,874	17,293
Derivative financial instruments	11	11,753	16,928
Deferred tax liability	7	48	378
Amounts due to related companies		3,525	1,656
		324,588	206,156
Non-current liabilities			
Derivative financial instruments	11	1,199	1,944
Other payables		242	290
Net assets		15,965	14,816
Capital and reserves			
Called up share capital	17	1,001	1,001
Share premium	19	265	-
Share based payment reserve	19	313	291
Retained earnings	19	14,386	13,524
Total shareholders' funds		15,965	14,816

The financial statements were approved by the Board and signed on its behalf by:



Jonathan Aitken Quin
Director

30 September 2016

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

World First UK Limited

Period ended 31 December 2015

Consolidated statement of changes in equity

	Called up share capital £'000	Share Premium £'000	Share based Payments reserve £'000	Retained earnings £'000	Foreign exchange reserve £'000	Shareholders' equity £'000	Non- controlling interests £'000	Total Equity £'000
At 1 February 2014 (as reported)	1,000	-	310	10,163	-	11,473	138	11,611
Adjustments (note 25)	-	-	-	(219)	113	(106)	(12)	(118)
At 1 February 2014 (as restated)	1,000	-	310	9,944	113	11,367	126	11,493
Restated profit for the period	-	-	-	7,606	-	7,606	(11)	7,595
Other comprehensive income for the period	-	-	-	-	212	212	58	270
Other adjustment	-	-	-	259	-	259	-	259
Share capital issued	1	-	-	-	-	1	-	1
Share based payments	-	-	(19)	-	-	(19)	-	(19)
At 31 January 2015 (as restated)	1,001	-	291	17,809	325	19,426	173	19,599
Profit for the period	-	-	-	9,365	-	9,365	(29)	9,336
Other comprehensive income for the period	-	-	-	-	424	424	-	424
Share based payments	-	-	22	-	-	22	-	22
Net movement in non-controlling interests due to buy-out	-	-	-	(182)	-	(182)	(144)	(326)
Issue of Class D shares	-	265	-	-	-	265	-	265
At 31 December 2015	1,001	265	313	26,992	749	29,320	-	29,320

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

World First UK Limited

Period ended 31 December 2015

Company statement of changes in equity

	Called up share capital £'000	Share Premium £'000	Other reserves £'000	Share based Payments reserve £'000	Retained earnings £'000	Shareholders' equity £'000
At 31 January 2015 (as reported)	1,001	-	358	-	12,921	14,280
Total comprehensive income for the year (as restated)	-	-	-	-	603	603
Share capital issued	-	-	-	-	-	-
Share based payments	-	-	(358)	291	-	(67)
At 31 January 2015 (as restated)	1,001	-	-	291	13,524	14,816
Total comprehensive income for the period	-	-	-	-	862	862
Share based payments	-	-	-	22	-	22
Issue of shares	-	265	-	-	-	265
At 31 December 2015	1,001	265	-	313	14,386	15,965

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

World First UK Limited

Period ended 31 December 2015

Consolidated cash flow statements

	11 months ended 31 December 2015	Year ended 31 January 2015 as restated
	£'000	£'000
Cash flows from operating activities		
Profit for the financial period	9,336	7,595
Adjustments to reconcile net profit to net cash provided by operating activities		
Change in market value of derivatives	(54)	571
Tax charge	1,420	1,779
Depreciation	635	371
Amortisation	1,025	645
Share based compensation	44	(16)
Operating cash flow before changes in working capital	12,406	10,945
Changes in operating assets and liabilities		
Change in collateral placed with banks	(7,264)	(4,454)
Change in cash and cash equivalents held for customers	(86,242)	(61,118)
Change in trade and other receivables	(34,262)	(53,926)
Change in trade and other payables	14,516	44,426
Change in derivative financial instruments	(3,212)	(1,241)
Change in amounts due to customers	119,222	65,531
Change in tax	(2,159)	(2,091)
Net cash flow from/ (used in) operating activities	13,005	(1,928)
Cash flows (used in)/ from investing activities		
Acquisition of property and equipment	(588)	(1,484)
Investment in intangible assets	(2,345)	(1,544)
Interest received	140	119
Net cash flow used in investing activities	(2,793)	(2,909)
Cash flows (used in)/ from financing activities		
Interest paid	(65)	(17)
Issue of share capital	265	1
Buyout of non-controlling interests	(326)	-
Net cash flow used in financing activities	(126)	(16)
Net change in cash	10,086	(4,853)
Cash at beginning of period	6,846	11,487
Effect of exchange rate fluctuation	424	212
Cash at end of period	17,356	6,846

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

1. Authorisation of financial statements and statement of compliance with FRS 101.

The financial statements of World First UK Limited (the "Company") and its subsidiaries (together the "Group") for the 11 month period ended 31 December 2015 were authorised for issue by the Board of Directors (the "Board") on 29 September 2016 and the balance sheet was signed on the Board's behalf by Jonathan Quin. World First UK Limited is incorporated and domiciled in England and Wales. It is a private Company limited by shares.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as they apply to the financial statements of the Group for the 11 month period ended 31 December 2015 and in accordance with the Companies Act 2006. The Company's financial statements have been prepared under FRS 101 (Reduced Disclosure Framework). The accounting policies which follow set out those policies which apply in preparing these financial statements.

2. Accounting policies

These are the Group's first consolidated financial statements prepared under IFRS and IFRS 1 'First time adoption of IFRS' has been applied. An explanation of how the transition from UK Generally Accepted Accounting Principles (UK GAAP) to IFRS has affected the reported financial position, financial performance and cash flows of the Group is provided in note 25.

During the period the Company transitioned from previously extant UK GAAP to FRS 101 - Reduced Disclosure Framework and has taken advantage of the disclosure exemptions allowed under this standard. Differences arising on the adoption of FRS 101 are presented in note 25.

During the period to 31 December 2015 the Group and the Company have identified a number of corrections to its financial statements for the prior year and has restated the balance sheets as at 1 February 2014 and 31 January 2015 as well as its statement of comprehensive income for the period ended 31 January 2015. All material adjustments are disclosed in note 25.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing an opening IFRS statement of financial position at 1 February 2014 for the purposes of transition to IFRS and correction of prior period adjustments where applicable.

The Group's and Company's financial statements are presented in Sterling (£) and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The accounts are prepared under the historical cost convention except for derivatives financial assets and liabilities that are stated at fair value.

World First UK Limited is a Company incorporated in the United Kingdom, registered at Millbank Tower, 21-24 Millbank, London, SW1P 4QP.

During the period, the Company changed its financial year end from 31 January to 31 December. As a result, the current financial statements are for an 11 month period from 1 February 2015 to 31 December 2015 and are not directly comparable to the prior period.

As described in the Directors' report, the principal activity of the Company and its subsidiaries is that of foreign currency brokerage.

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

Basis of consolidation

The Group financial statements consolidate the financial statements of World First UK Limited and the entities it controls (its subsidiaries) drawn up to 31 December each year (to 31 January previously).

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the parent Company and are based on consistent accounting policies. All intragroup balances and transactions, including unrealised profits arising from them, are eliminated in full.

Disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 10(d) and 10(f), of IAS 1 *Presentation of Financial Statements*;
- 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*;
- the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*.
- FRS 101 Paragraph 7a exempts the Company from the requirement of IFRS 1 paragraphs 6 to 21 to present an opening statement of financial position at the date of transition.

The Directors have approved these disclosure exemptions for the Company.

Adoption of new and amended IFRS and interpretations

The IFRS financial information has been drawn up on the basis of accounting standards, interpretation and amendments effective at the beginning of the accounting period.

The standards and interpretations that are issued, but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective. The impact of these changes to the Group and Company is being assessed.

		Effective for annual periods beginning on or after
New standards		
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from contracts and customers	1 January 2018
IFRS 16	Leases	1 January 2019
Amendments to		
IAS 1	Presentation of financial statements	1 January 2016
IAS 7	Cash flow statements	1 January 2016
IAS 12	Income taxes	1 January 2016
IAS 27	Separate financial statements	1 January 2016
IAS 28	Investments in associates and joint ventures	1 January 2016
IAS 38	Intangible assets	1 January 2016
IFRS 12	Disclosure of interests in other entities	1 January 2016

World First UK Limited
Period ended 31 December 2015
Notes to the financial statements

Effective after 2016 - IFRS 9

In July 2014, the IASB published IFRS 9 'Financial Instruments' with an effective date of 1 January 2018. IFRS 9 replaces the current financial instruments standard IAS 39, setting out new accounting requirements in a number of areas. The Group is continuing its assessment of the standard's effect on its financial statements.

Effective after 2016 – other standards

In January 2016, the IASB amended IAS 7 'Cash Flow Statements' to require disclosure of the movements in financing liabilities. The amendment is effective from 1 January 2017. In January 2016, the IASB amended IAS 12 'Income Taxes' to clarify the recognition of deferred tax assets in respect of unrealised losses. The amendment is effective from 1 January 2017.

IFRS 15 'Revenue from Contracts with Customers' was issued in May 2014. It will mainly replace IAS 18 'Construction Contracts', IAS 18 'Revenue' and several Interpretations. Contracts are bundled or unbundled into distinct performance obligations with revenue recognised as the obligations are met. It is effective from 1 January 2018.

IFRS 16 'Leases' was issued in January 2016 to replace IAS 17 'Leases'. Accounting for finance leases will remain substantially the same. Operating leases will be brought on balance sheet through the recognition of assets representing the contractual rights of use and liabilities will be recognised for the contractual payments. The effective date is 1 January 2019. The Group is assessing the effect of adopting these standards on its financial statements.

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

Significant accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability effected in the future periods.

Items subject to estimates and assumptions include useful lives of fixed assets, valuation of financial instruments, valuation of share based compensation (refer to note 18), deferred tax uncertainties, capitalisation of software development costs and impairment of non-financial assets. The key areas of accounting estimation are discussed below:

Fair values of derivatives

The fair value of the financial assets and liabilities is the price that would be received to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group enters into forward contracts and currency options with banks and its customers which are classified as derivative financial instruments mainly on a back to back basis as part of its trading activity. It also enters into a limited number of derivative positions to hedge the Group's own currency risk.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Forward currency contracts are over-the-counter (OTC) derivatives that have mid, offer and bid prices that can be observed in the marketplace. The valuation of forward contracts is based on observable data and is performed by the Group. The input data includes forward foreign currency rates for currency combinations and the expected period to maturity for the open contracts. As the markets for both foreign exchange spot and foreign exchange forward pricing points are both actively traded and observable, foreign exchange contracts are generally classified as Level 2, as required by IFRS 13.

Currency options are not traded on an active market and their fair value is determined by counterparty banks. Such valuations are based on banks' internal models and techniques recognised as standard with the industry. OTC foreign exchange option contracts include standard call and put options, options with multiple exercise dates, path-dependent options, and options on a number of underlying foreign exchange rates. Inputs to the option valuation models for these shorter-dated OTC foreign exchange option contracts include spot foreign exchange rates, foreign exchange forward points, and foreign exchange volatilities. The inputs for volatility are implied through the calibration of observed prices for standard option contracts trading within the market. As inputs are derived mostly from standard market contracts traded in active and observable markets, OTC foreign exchange option contracts are classified as Level 2 as required by IFRS 13.

Where deemed appropriate, a number of valuation adjustments are made to allow for additional factors including liquidity and credit risks that are not explicitly captured within the basic valuation approach outlined above.

Credit valuation adjustment (CVA) reflects the credit risk of the counterparties inherent in the valuation of the derivative financial instruments. The amount represents the estimated fair value of protection required to hedge the counterparty credit risk. The CVA takes into account counterparty exposure, applicable collateral arrangements and default probability rates.

Deferred tax

Significant judgement is involved in determining the provision for taxation. There are certain transaction and computations for which the ultimate tax determination is uncertain.

Deferred tax assets and liabilities are recognised when the carrying amount of an asset or liability in the statement of financial position differs from its tax base. Deferred tax assets are recognised when in the opinion of the management it is more likely than not that taxable profits will be available against which the differences can be utilised.

Capitalisation of software development costs

Development expenditure represents expenditure incurred in establishing new services and products of the Group. Management exercises judgement in determining which software development costs meet the IAS 38 criteria for

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

capitalisation. This includes estimates as to the amount of time spent directly on development of new software or significant improvement of the existing systems, as well as useful economic lives of these assets.

Impairment of investment in subsidiaries

The carrying value of the investment in subsidiaries is reviewed on an ongoing basis for any indication of impairment and, if any such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying value of an asset or its cash-generating unit exceeds its recoverable amount.

The impairment analysis for investments in subsidiaries is based principally upon estimated future cash flows from operations. Such an analysis includes the estimation of future results, cash flows, annual growth rates and profit margins. Judgement is required in relation to the achievability of the long-term business plan and macroeconomic assumptions underlying the valuation process.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Sterling, which is World First UK's functional and presentation currency.

(i) Foreign currency transactions

Transactions in currencies different from the functional currency of the Group entity entering into the transaction are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the exchange rate ruling at that date.

Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of transactions.

(ii) Financial statements of non-sterling operations

The assets and liabilities of operations whose functional currency is not Sterling are translated to Sterling at exchange rates ruling at the balance sheet date. The revenues and expenses of these operations are translated to Sterling at rates approximating to the exchange rates ruling at the dates of the transactions. Exchange differences arising on retranslation are recognised in other comprehensive income and accumulated within a separate component of equity, the foreign exchange reserves, and are released upon disposal of the non-sterling operation.

Distinction between current and non-current assets and liabilities

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale for consumption in, the entity's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realised within twelve months after the end of the reporting period; or
- it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the end of the reporting period.

All other assets are classified as non-current.

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the entity's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be settled within twelve months after the end of the reporting period; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Financial Assets

All derivative financial assets are classified as fair value through profit or loss and are not held for trading. All other financial assets are classified as loans and receivables which include; property and equipment, intangible assets, deferred tax asset, cash and cash equivalents, collateral placed with banks, cash and cash equivalents held for customers and trade and other receivables.

All financial assets are initially recognised at fair value. Financial assets classified at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in revenue. Financial assets classified as loans and receivables are measured at amortised cost using the effective interest rate method.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired.

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If there is an indication that an asset is impaired its carrying value is reduced to the net recoverable amount.

Financial liabilities

All derivative financial liabilities are classified as fair value through profit or loss and are not held for trading. All other financial liabilities are held at amortised cost and include; trade and other payables, corporation tax, amounts due to customers and other payables

All financial liabilities are initially recognised at fair value. Financial liabilities classified at fair value through profit and loss are carried in the balance sheet at fair value with changes in fair value recognised in revenue. Financial liabilities held at amortised cost are measured at amortised cost using the effective interest rate method.

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

The Group considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Collateral placed with banks

The Group places collateral deposits with its banks in support of initial and mark to market margin positions.

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

Cash and cash equivalents held for customers

Cash and cash equivalents held for customers represents cash held on behalf of customers including collateral received in support of customer transactions. These balances have either a regulatory or operational restriction upon them for their use.

A corresponding liability is maintained in connection with these amounts within "amounts due to customers" in the balance sheet.

Trade and other receivables

Trade accounts receivable are recorded at the invoiced amount which is considered to be an approximation of fair value and do not bear interest. The Group reviews its bad debt provision at the period end and adjusts it as appropriate. The credit risk within derivative financial instruments assets is covered by a credit valuation adjustment.

Trade and other payables

Trade and other payables include operating expenses payable and bonus payable.

Amounts due to customers

Amounts due to customers relates to cash and margin transactions. Cash transactions may include:

- funds held on account to accumulate a balance in advance of a transaction, as well as clients holding margin with the Group.
- transacted amounts of which the customer chooses to delay onward payment.
- gains and losses on settled foreign exchange contracts and unrealised gains and losses on open foreign exchange commitments.

Amounts due to customers of subsidiaries

This balance recognises that the Company holds customer cash on behalf of the subsidiaries. The Company has a corresponding balance included in amounts due from related companies. This balance and amounts due to and from related companies within the Group are eliminated in full on consolidation.

Taxation

Current taxation

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. This may differ from the profit included in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits ("temporary differences") at the rate expected to be in force when the differences reverse and is accounted for using the balance sheet liability method. Deferred tax assets are recognised when it is more likely than not that taxable profits will be available against which the differences can be utilised and this is assessed at each reporting date.

Deferred tax assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill and other assets and liabilities in a transaction that affects neither taxable profit nor accounting profit.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

Property and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost comprises the aggregate amount paid to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property and equipment on a straight-line basis over its expected useful life:

- Office, communication and computer equipment - 3 years;
- Leasehold improvements – lesser of the estimated economic useful life or the term of the lease.

The carrying values of property and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and values are written down immediately to their recoverable amount if needed. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset is included in the income statement in the period of derecognition.

Intangible assets

Internally generated software

The Group develops internally generated software that is recognised as an intangible asset only if the criteria below are met:

- it will be available for use or sale;
- the software will generate probable future economic benefits; and
- the Group can measure reliably the costs attributable to the software during its development.

The costs that are eligible for capitalisation comprise costs of materials and services used or consumed in generating the intangible asset; staff costs associated with developing the assets, legal fees to register the asset and other directly attributable costs. Amortisation is charged to the statement of comprehensive income on a straight line basis over the useful economic lives of the assets (3 to 5 years).

Purchased software

The Group purchases software that is recognised as an intangible asset if the following criteria are met:

- the software will generate probable future economic benefits; and
- the Group can measure reliably the costs attributable to the software.

Amortisation is charged to the statement of comprehensive income on a straight line basis over the useful economic lives of the assets (3 years).

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all their liabilities. Ordinary and preference shares are classified as equity and recognised at the fair value of the consideration received by the Company.

Investment in subsidiaries

In the holding Company's accounts the subsidiaries are carried at cost less amounts provided for impairment.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If there is an indication that an asset is impaired its carrying value is reduced to the net recoverable amount.

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Where the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Share based payments

Equity settled award plans

The Company accounts for share-based schemes in accordance with the requirements of IFRS 2 taking into consideration the features of each particular arrangement. The movement in cumulative charges since the previous balance sheet is recognised in the statement of comprehensive income with a corresponding entry in equity for equity settled schemes. The costs of share-based payments made by the Parent Company to employees of the subsidiaries is treated as an equity contribution in the subsidiaries.

Cash settled award plan

The Group has an agreement with an employee that is treated as a cash settled award plan. The Group accounts for the cash settled plan at fair value. A liability is measured and recognised initially and at the end of each reporting period until settled. The total fair value of the award is amortised over the expected vesting period.

Post-employment benefits

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company fund in respect of that year.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Revenue, stated net of transaction costs, mainly comprises the spread achieved on spot and forward contracts entered into between customers and counterparty banks, and the net of premium paid and received from the purchasing and writing of options. Also included are the gains or losses arising from the subsequent mark-to-market measurement of outstanding derivative contracts. Revenue is recognised after receiving customer authorisation to undertake foreign currency transactions and after having entered into back-to-back transactions with counterparty banks.

World First UK Limited**Period ended 31 December 2015****Notes to the financial statements****3. Revenue**

	11 months ended 31 December 2015	Year ended 31 January 2015 as restated
	£'000	£'000
Revenue on foreign exchange contracts	56,313	37,869
Mark to market on derivatives	54	(573)
Other income	459	-
	<u>56,826</u>	<u>37,296</u>

4. Employees' and Directors' remuneration

	11 months ended 31 December 2015	Year ended 31 January 2015 as restated
	£'000	£'000
Staff costs (including Directors) comprise:		
Salaries and wages	21,974	12,272
Social security costs	1,620	1,899
Retirement benefit costs	609	456
Share based payments	44	(16)
	<u>24,247</u>	<u>14,611</u>

Average number of employees including Directors during the period:

	11 months ended 31 December 2015	Year ended 31 January 2015
	Number	Number
Sales and dealing	68	67
General administration	129	122
Management	25	17
International offices	140	86
	<u>362</u>	<u>292</u>

World First UK Limited
Period ended 31 December 2015
Notes to the financial statements

Directors' remuneration:

	11 months ended 31 December 2015	Year ended 31 January 2015 as restated
	£'000	£'000
Directors' emoluments	1,981	1,009
Retirement benefit costs	23	24
Share based payments	41	53
	2,045	1,086

During the period retirement benefits were accruing to 5 Directors (January 2015: 6 Directors) in respect of money purchase pension schemes. The highest paid Director received remuneration of £414k (January 2015: £405k).

The value of the Company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £11k (January 2015: £5k).

Included in Directors' emoluments is £1,200,000 of compensation for loss of office (January 2015: Nil).

5. Operating expenses

Operating profit is after charging/ (crediting):

	11 months ended 31 December 2015	Year ended 31 January 2015 as restated
	£'000	£'000
Wages, salaries and bonus	24,203	14,627
Share based payments	44	(16)
Depreciation	635	371
Amortisation	1,025	645
Operating lease rental	1,257	973
Other administrative costs	18,981	11,424
	46,145	28,024

World First UK Limited
Period ended 31 December 2015
Notes to the financial statements

6. Auditors' remuneration

	11 months ended 31 December 2015	Year ended 31 January 2015 as restated
	£'000	£'000
Audit of financial statements	486	25
Audit of subsidiaries	310	7
Taxation advisory services and other services	120	17
Non-recurring audit fees	284	-
	1,200	49

7. Corporation tax

a) Tax charge in the income statement

	11 months ended 31 December 2015	Year ended 31 January 2015 as restated
	£'000	£'000
Current income tax		
UK corporation tax	1,258	2,554
Foreign tax	1,469	-
Adjustments in respect of prior years	(4)	(61)
Total current income tax	2,723	2,493
Origination and reversal of temporary differences	(1,378)	(714)
Impact of change in rates	(4)	-
Adjustments in respect of prior years	79	-
Total deferred tax	(1,303)	(714)
Tax expense in the income statement	1,420	1,779

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

b) Reconciliation of the total tax charge for continuing operations

The tax expense in the income statement for the year is lower than the standard rate of corporation tax in the UK of 20.18% (31 January 2015: 21.33%). The differences are reconciled below:

	11 months ended 31 December 2015	Year ended 31 January 2015 as restated
	£'000	£'000
Profit before tax	10,756	9,374
Tax charge at average UK corporation tax rate of 20.18%	(2,171)	(2,000)
Effects of:		
Overseas tax rates	615	5
Non-deductible expenses	304	126
Changes in tax rates	4	9
Adjustments for prior periods	(125)	61
Utilisation of previously unrecognised tax losses	212	-
Other overseas taxes	(59)	-
Temporary differences on which no deferred tax is recognised	(200)	(240)
Transitional adjustments	-	260
Overall tax charge	(1,420)	(1,779)
Effective tax rate %	13.20%	18.98%

c) Unrecognised tax losses

As at 31 December 2015 the Group has unutilised tax losses of £1.7m (31 January 2015: £0.5m) in its trading subsidiary in Singapore. These losses are available for offset against future taxable profits, subject to the agreement of the tax authority and provisions of the Singapore Income Tax Act.

These deferred tax assets have not been recognised in the financial statements, as although the directors are confident in the future growth of the business, these forecasts are inherently uncertain and therefore a recognition of the deferred tax asset is not considered appropriate.

d) Change in UK corporate tax rate

The main rate of UK corporate tax reduced from 21% to 20% on 1 April 2015 resulting in a current tax rate of 20.18% for the 11 month period. In October 2015 the main rate of UK corporation tax was reduced from 20% to 19% from 1 April 2017 and 18% from 1 April 2020. The impact of this has been taken into account in the calculation of the closing deferred tax position of the UK companies.

World First UK Limited
Period ended 31 December 2015
Notes to the financial statements

e) Deferred tax

The deferred tax movement is as follows:

	Group 11 months ended 31 December 2015	Group Year ended 31 January 2015 as restated	Company 11 months ended 31 December 2015	Company Year ended 31 January 2015 as restated
	£'000	£'000	£'000	£'000
Deferred tax asset at start of the period	612	691	-	-
Deferred tax charge to the income statement in the period	973	-	-	-
Impact of changes in exchange rates	30	-	-	-
Deferred tax charged to equity	-	(79)	-	-
Deferred tax asset at end of the period	1,615	612	-	-
Deferred tax asset/ (liability) at start of the period	(378)	45	(378)	45
Deferred tax charge to the income statement in the period	405	(423)	405	(423)
Prior period adjustment	(79)	-	(79)	-
Impact of changes in tax rates	4	-	4	-
Deferred tax liability at end of the period	(48)	(378)	(48)	(378)
The deferred tax asset/ (liability) arises on:				
Fixed assets and intangibles	(56)	(378)	(56)	(378)
Other short term timing differences	153	112	8	-
Losses	1,470	500	-	-
Deferred tax asset/ (liability) at end of the period	1,567	234	(48)	(378)

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

8. Property and equipment

	Group Computer equipment £'000	Group Office equipment £'000	Group Total £'000	Company Computer equipment £'000	Company Office equipment £'000	Company Total £'000
Costs						
As at 1 February 2014	472	260	732	410	192	602
Additions	378	1,106	1,484	221	893	1,114
Disposals	-	(4)	(4)	-	-	-
As at 31 January 2015	850	1,362	2,212	631	1,085	1,716
Additions	274	314	588	138	23	161
As at 31 December 2015	1,124	1,676	2,800	769	1,108	1,877
Depreciation						
As at 1 February 2014	(321)	(131)	(452)	(302)	(122)	(424)
Provided for the year	(168)	(203)	(371)	(115)	(167)	(282)
Disposals	(6)	(5)	(11)	-	-	-
As at 31 January 2015	(495)	(339)	(834)	(417)	(289)	(706)
Provided for the period	(200)	(435)	(635)	(127)	(326)	(453)
As at 31 December 2015	(695)	(774)	(1,469)	(544)	(615)	(1,159)
Net book value						
As at 31 January 2015	355	1,023	1,378	214	796	1,010
As at 31 December 2015	429	902	1,331	225	493	718

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

9. Intangible assets

Group and Company

	Software developments £'000	Purchased software £'000	Total £'000
Costs			
As at 1 February 2014	1,420	115	1,535
Additions	1,413	131	1,544
As at 31 January 2015	2,833	246	3,079
Additions	2,099	246	2,345
As at 31 December 2015	4,932	492	5,424
Amortisation			
As at 1 February 2014	361	53	414
Provided for the year	541	104	645
As at 31 January 2015	902	157	1,059
Provided for the period	960	65	1,025
As at 31 December 2015	1,862	222	2,084
Net book value			
As at 1 February 2014	1,059	62	1,121
As at 31 January 2015	1,931	89	2,020
As at 31 December 2015	3,070	270	3,340

All prior year figures in the table above have been restated as explained in note 25.

10. Investments in subsidiaries

	Company 11 months ended 31 December 2015 £'000	Company Year ended 31 January 2015 as restated £'000
Balance at the beginning of the period	4,322	1,381
Additions	1,611	2,885
Investments via share based payments	47	56
Balance at the end of the period	5,980	4,322

The Company made additional investments in the share capital of its subsidiaries of £1.6m (January 2015: £2.8m).

The principal subsidiaries of the Company as at 31 December 2015, all of which have been included in these consolidated statements are as follows:

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

Subsidiary undertakings	Country of incorporation	Percentage holding of ordinary shares	Nature of business
World First Markets Limited	United Kingdom	100%	Foreign exchange broker
World First Asia Pte Limited	Singapore	100%	Foreign exchange broker
World First Pty Limited	Australia	100%	Foreign exchange broker
World First USA, Inc.	USA	100%	Foreign exchange broker
World First Asia Limited	Hong Kong	100%	Foreign exchange broker
World First Advisory Services Limited	United Kingdom	100%	Dormant

11. Derivative financial instruments

The Group's derivative financial instruments are composed of forward currency contracts and currency options.

As at 31 December 2015	Group Current £'000	Group Non-current £'000	Company Current £'000	Company Non-current £'000
Assets				
Options	17,869	7,957	-	-
Forwards	17,105	1,549	17,104	1,569
Total assets	34,974	9,506	17,104	1,569

Liabilities				
Options	(18,151)	(8,118)	-	-
Forwards	(11,802)	(1,196)	(11,753)	(1,199)
Total liabilities	(29,953)	(9,314)	(11,753)	(1,199)

As at 31 January 2015 (as restated)

Assets				
Options	21,823	8,423	-	-
Forwards	19,081	2,209	18,905	2,210
Total assets	40,904	10,632	18,905	2,210

Liabilities				
Options	(22,176)	(8,595)	-	-
Forwards	(16,876)	(1,942)	(16,928)	(1,944)
Total liabilities	(39,052)	(10,537)	(16,928)	(1,944)

World First UK Limited
Period ended 31 December 2015
Notes to the financial statements

12. Trade and other receivables

	Group 11 months ended 31 December 2015 £'000	Group Year ended 31 January 2015 as restated £'000	Company 11 months ended 31 December 2015 £'000	Company Year ended 31 January 2015 as restated £'000
Trade receivables - customers	52,088	23,964	40,340	14,237
Trade receivables - bank	86,947	81,919	76,600	72,465
Prepayments and accrued income	952	603	627	490
Other receivables	792	171	375	-
	140,779	106,657	117,942	87,192

13. Trade and other payables

	Group 11 months ended 31 December 2015 £'000	Group Year ended 31 January 2015 as restated £'000	Company 11 months ended 31 December 2015 £'000	Company Year ended 31 January 2015 as restated £'000
Amounts due to banks	87,021	80,602	76,700	72,530
Other payables	763	176	476	24
Accruals and deferred income	12,595	5,373	9,692	4,274
	100,379	86,151	86,868	76,828

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

14. Risk

An explanation of the Group's significant risk management objectives, policies and strategies is set out below.

Market Risk

The main market risk to which the Group is exposed is the risk of loss due to adverse changes in foreign exchange rates. As a matched-principal foreign exchange broker, the Group has limited foreign exchange market risk as the vast majority of trades with customers are matched against trades with the Groups counterparty banks. The Group only enters into proprietary trades for hedging activities.

Foreign currency risk

The Group is exposed to foreign currency risk on the cash balances held by the Group in currencies other than Sterling. The Group mainly holds these balances to manage operational needs.

The tables below set out currency exposures from financial assets and liabilities held in currencies other than Sterling. The sensitivity analysis, that illustrates potential movement in the statement of comprehensive income, has been prepared based on reasonably possible changes in exchange rates that would happen one at a time and assumes all other variables are held constant.

Group

As at December 2015

Assets and liabilities in major currencies

	USD \$'000	EUR €'000
Assets		
Options	17,493	6,041
Forwards	4,798	3,917
Trade receivables	54,428	26,564
Liabilities		
Options	(17,756)	(6,168)
Forwards	(4,599)	(1,752)
Trade payables	(84,417)	(52,136)

Potential impact on profit before tax of a 10% increase in foreign exchange rates - gain/ (loss)

	USD £'000	EUR £'000	Other £'000	Total £'000
Options	(16)	(9)	(3)	(28)
Forwards	12	145	227	384
Trade payables	(1,839)	(1,711)	(1,242)	(4,792)
Total in GBP	(1,843)	(1,575)	(1,018)	(4,436)

Potential impact on profit before tax of a 10% increase in foreign exchange rates - gain/ (loss)

	USD £'000	EUR £'000	Other £'000	Total £'000
Options	20	10	4	34
Forwards	(15)	(177)	(278)	(470)
Trade receivables	2,248	2,091	1,518	5,857
Total in GBP	2,253	1,924	1,244	5,421

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

As at 31 January 2015

Assets and liabilities in major currencies

	USD \$'000	EUR €'000
Assets		
Options	18,277	7,310
Forwards	5,248	6,165
Trade receivables	39,112	31,628
Liabilities		
Options	(18,516)	(7,486)
Forwards	(5,714)	(3,967)
Trade payables	(74,839)	(35,100)

Potential impact on profit before tax of a 10% increase in foreign exchange rates - gain/ (loss)

	USD £'000	EUR £'000	Other £'000	Total £'000
Options	(14)	(12)	(2)	(28)
Forwards	(28)	150	121	243
Trade payables	(2,147)	(238)	(995)	(3,380)
Total in GBP	(2,189)	(100)	(876)	(3,165)

Potential impact on profit before tax of a 10% increase in foreign exchange rates - gain/ (loss)

	USD £'000	EUR £'000	Other £'000	Total £'000
Options	18	15	2	35
Forwards	34	(184)	(148)	(298)
Trade receivables	2,624	291	1,217	4,132
Total in GBP	2,676	122	1,071	3,869

The Group is subject to exposure on the translation of the foreign currency denominated net assets of its subsidiaries into the Group's GBP reporting currency. Potential movements in the other comprehensive income are illustrated below.

Potential impact on other comprehensive income gain/ (loss)

	Total £'000
At 31 December 2015	
10% increase in functional currency	352
10% decrease in functional currency	(431)
At 31 January 2015	
10% increase in functional currency	508
10% decrease in functional currency	(621)

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

Company

As at December 2015

Assets and liabilities in major currencies

	USD	EUR
	\$'000	€'000
Assets		
Forwards	4,198	3,123
Trade receivables	45,198	20,087
Liabilities		
Forwards	(4,092)	(1,154)
Trade payables	(75,539)	(46,228)

Potential impact on profit before tax of a 10% increase in foreign exchange rates - gain/ (loss)

	USD	EUR	Other	Total
	£'000	£'000	£'000	£'000
Forwards	7	132	224	363
Trade payables	(1,861)	(1,749)	(1,173)	(4,783)
Total in GBP	(1,854)	(1,617)	(949)	(4,420)

Potential impact on profit before tax of a 10% increase in foreign exchange rates - gain/ (loss)

	USD	EUR	Other	Total
	£'000	£'000	£'000	£'000
Forwards	(8)	(161)	(274)	(443)
Trade receivables	2,274	2,138	1,434	5,846
Total in GBP	2,266	1,977	1,160	5,403

As at 31 January 2015

Assets and liabilities in major currencies

	USD	EUR
	\$'000	€'000
Assets		
Forwards	3,794	5,188
Trade receivables	30,767	27,305
Liabilities		
Forwards	(4,243)	(3,166)
Trade payables	(68,109)	(30,662)

Potential impact on profit before tax of a 10% increase in foreign exchange rates - gain/ (loss)

	USD	EUR	Other	Total
	£'000	£'000	£'000	£'000
Forwards	(27)	138	107	218
Trade payables	(2,244)	(230)	(982)	(3,456)
Total in GBP	(2,271)	(92)	(875)	(3,238)

Potential impact on profit before tax of a 10% increase in foreign exchange rates - gain/ (loss)

	USD	EUR	Other	Total
	£'000	£'000	£'000	£'000
Forwards	33	(169)	(131)	(267)
Trade receivables	2,743	281	1,200	4,224
Total in GBP	2,776	112	1,069	3,957

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

Credit risk

The Group is mainly exposed to credit risk with customers or counterparty banks. The risk arises principally in relation to transactions where the Company enters into derivative contracts requiring settlement by the other party or cash holdings.

The carrying amount of financial assets recognised in the balance sheet represents the Company's maximum exposure to credit risk at the reporting date with the exception of derivative financial instruments which were adjusted by a credit valuation adjustment.

The table below shows the Company's maximum exposure to credit risk for its financial instruments and the value of collateral held or other credit risk mitigation.

	Group 11 months ended 31 December 2015	Group Year ended 31 January 2015 as restated	Company 11 months ended 31 December 2015	Company Year ended 31 January 2015 as restated
	£'000	£'000	£'000	£'000
Financial instruments				
Long term	9,506	10,632	1,569	2,210
Short term	34,974	40,904	17,104	18,905
Carrying value	44,480	51,536	18,673	21,115
Credit valuation adjustment	746	892	250	321
Total maximum exposure	45,226	52,428	18,923	21,436
Total collateral	27,609	20,345	6,898	9,095

Group policies are aimed at reducing the impact of losses as a result of credit events, and require that deferred terms are granted only to customers who demonstrate an appropriate payment history and satisfy creditworthiness procedures. Individual exposures are monitored with customers subject to credit limits to reduce the Group's potential exposure to bad debts.

It is the Group's policy to request a collateral deposit from customers which is determined following an assessment of their risk profile. In respect of the assets due from customers the Group holds cash collateral as security depending on the customers' creditworthiness. There are no other significant credit enhancements in respect of these assets.

The Group may re-pledge cash collateral received from its customers for future contracts on a rolling basis. The fair value of collateral approximates its carrying value.

The credit quality of all financial assets that are neither past due nor impaired is appropriate and is constantly monitored. Credit risk relating to customer contracts is monitored on a daily basis and additional collateral is sought if appropriate via margin calls.

The Group has pledged £27.6m of cash as collateral to its counterparty banks (January 2015: £20.3m) which may be re-pledged for future contracts on a rolling basis. The fair value of collateral approximates its carrying value.

The Group's policies restrict the counterparty banks with which derivative transactions can be contracted and funds may be deposited to those approved by the Board. These banks and financial institutions have a high credit rating and the treasury team ensures that exposure is spread appropriately.

The Group has a large number of customers, none of which have a material balance due to the Group, and therefore there is no significant concentration of customer credit risk. The type of customers range from larger corporates to individuals.

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

The Group manages its concentration risk with its banking partners by having a variety of banking partners, and ensuring its exposure to any one specific bank is within appropriate limits. The Group also only enters into material banking relationships with banks with appropriate credit ratings.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to a shortage of funds. The Group's exposure to liquidity risk arises mainly from bank demands to meet margin calls and from mismatches of the maturities of financial assets and liabilities.

The Group's policy on liquidity risk management is to maintain sufficient cash and available funding to meet forecast cash movements.

The maturity profile of the Group and Company's financial assets and liabilities at the period-end is set out on pages 39 and 40.

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

Group

	Less than 3 months £ '000	Between 3 to 6 months £ '000	Between 6 to 12 months £ '000	More than 12 months £ '000	Total £ '000
As at 31 December 2015					
Assets					
Derivative financial instruments	14,412	7,743	12,819	9,506	44,480
Cash and cash equivalents	17,356	-	-	-	17,356
Collateral placed with banks	27,609	-	-	-	27,609
Cash and cash equivalents held for customers	170,938	-	-	-	170,938
Trade and other receivables	140,779	-	-	-	140,779
Corporation tax	119	-	-	-	119
Total assets	371,213	7,743	12,819	9,506	401,281
Liabilities					
Derivative financial instruments	10,575	7,061	12,317	9,314	39,267
Trade and other payables	100,379	-	-	-	100,379
Corporation tax	1,564	-	-	-	1,564
Amounts due to customers	236,326	-	-	-	236,326
Other payables	-	-	-	663	663
Deferred tax liability	48	-	-	-	48
Total liabilities	348,892	7,061	12,317	9,977	378,247
Net financial assets	22,321	682	502	(471)	23,034

	Less than 3 months £ '000	Between 3 to 6 months £ '000	Between 6 to 12 months £ '000	More than 12 months £ '000	Total £ '000
As at 31 January 2015					
Assets					
Derivative financial instruments	13,733	11,047	16,124	10,632	51,536
Cash and cash equivalents	6,846	-	-	-	6,846
Collateral placed with banks	20,345	-	-	-	20,345
Cash and cash equivalents held for customers	84,696	-	-	-	84,696
Trade and other receivables	106,657	-	-	-	106,657
Corporation tax	61	-	-	-	61
Total assets	232,338	11,047	16,124	10,632	270,141
Liabilities					
Derivative financial instruments	12,438	10,932	15,682	10,537	49,589
Trade and other payables	86,151	-	-	-	86,151
Corporation tax	912	-	-	-	912
Amounts due to customers	117,104	-	-	-	117,104
Other payables	-	-	-	418	418
Deferred tax liability	378	-	-	-	378
Total liabilities	216,983	10,932	15,682	10,955	254,552
Net financial assets	15,355	115	442	(323)	15,589

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

Company

	Less than 3 months £ '000	Between 3 to 6 months £ '000	Between 6 to 12 months £ '000	More than 12 months £ '000	Total £ '000
As at 31 December 2015					
Assets					
Derivative financial instruments	10,187	3,126	3,791	1,569	18,673
Cash and cash equivalents	1,548	-	-	-	1,548
Collateral placed with banks	6,898	-	-	-	6,898
Cash and cash equivalents held for customers	156,991	-	-	-	156,991
Trade and other receivables	117,942	-	-	-	117,942
Amounts due from related companies	29,539	-	-	-	29,539
Corporation tax	365	-	-	-	365
Total assets	323,470	3,126	3,791	1,569	331,956
Liabilities					
Derivative financial instruments	6,388	2,194	3,171	1,199	12,952
Trade and other payables	86,868	-	-	-	86,868
Amounts due to customers	142,520	-	-	-	142,520
Amounts due to customers of subsidiaries	79,874	-	-	-	79,874
Amounts due to related companies	3,525	-	-	-	3,525
Other payables	-	-	-	242	242
Deferred tax liability	48	-	-	-	48
Total liabilities	319,223	2,194	3,171	1,441	326,029
Net financial assets	4,247	932	620	128	5,927
As at 31 January 2015					
Assets					
Derivative financial instruments	6,838	4,948	7,119	2,210	21,115
Cash and cash equivalents	2,065	-	-	-	2,065
Collateral placed with banks	9,095	-	-	-	9,095
Cash and cash equivalents held for customers	77,262	-	-	-	77,262
Trade and other receivables	87,192	-	-	-	87,192
Amounts due from related companies	19,125	-	-	-	19,125
Total assets	201,577	4,948	7,119	2,210	215,854
Liabilities					
Derivative financial instruments	5,602	4,749	6,577	1,944	18,872
Trade and other payables	76,828	-	-	-	76,828
Corporation tax	957	-	-	-	957
Amounts due to customers	92,116	-	-	-	92,116
Amounts due to customers of subsidiaries	17,293	-	-	-	17,293
Amounts due to related companies	1,656	-	-	-	1,656
Other payables	-	-	-	290	290
Deferred tax liability	378	-	-	-	378
Total liabilities	194,830	4,749	6,577	2,234	208,390
Net financial assets	6,747	199	542	(24)	7,464

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

The maturity profile of the Group's financial liabilities is closely matched by the maturity profile of its financial assets. To manage its liquidity the Group normally requires payment of trades with customers in advance of settling trades with the banks. The liquidity risk is also mitigated by the collateral received from customers.

Other risks

The Group has exposure to operational, regulatory and reputational risk. The Board and Management of the Group review and monitor these risks continually. It is increasingly regulated and is currently strengthening its processes to manage these risks.

Financial assets that are past due or impaired

The Group has negligible financial assets that are either past due or impaired. Cash at bank balances are neither past due nor impaired and are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. The amount due from related companies are neither past due nor impaired.

15. Capital Management

Total capital is defined as share capital and reserves attributable to the equity owners of the Company.

The Board monitors the Group's capital and cash positions regularly to ensure the Group has adequate capital and liquidity to trade and take advantage of suitable business opportunities.

Individual subsidiaries are subject to legal and regulatory capital requirements dependent upon the scale of operations and the products they offer. The Board monitors the capital structure of each subsidiary against these requirements in addition to reviewing periodically the overall capital requirements and capital resources of the Group.

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

16. Fair value estimation

Recurring fair value measurement

In accordance with IFRS 13 the Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The Group utilises valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. The fair values of financial instruments that are not traded in an active market for example, over the counter derivatives (OTC) are determined using valuation techniques.

	Group	Company
As at 31 December 2015	Level 2 £'000	Level 2 £'000
Assets		
Options	25,826	-
Forwards	18,654	18,673
Total assets	44,480	18,673
Liabilities		
Options	26,269	-
Forwards	12,998	12,952
Total liabilities	39,267	12,952
As at 31 January 2015		
Assets		
Options	30,246	-
Forwards	21,290	21,115
Total assets	51,536	21,115
Liabilities		
Options	30,771	-
Forwards	18,818	18,872
Total liabilities	49,589	18,872

There were no instruments in either level 1 or level 3 for either the Group or Company at 31 December 2015 and 31 January 2015 and there were no transfers between levels during the 11 month period to 31 December 2015 (January 2015: none).

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

17. Share capital

	31/12/2015 Number thousands	31/01/2015 Number thousands	31/12/2015 £'000	31/01/2015 £'000
<i>Authorised</i>				
Ordinary share of £1 each	600	600	600	600
Preference A shares of £1 each	67	67	67	67
Preference B shares of £1 each	333	333	333	333
Ordinary shares class C of £0.01 each	51	39	1	1
Ordinary shares class D of £0.01 each	57	34	-	-
<i>Allotted, issued and fully paid*</i>				
Ordinary shares of £1 each				
At the beginning and end of the period	600	600	600	600
Preference A shares of £1 each				
At the beginning and end of the period	67	67	67	67
Preference B shares of £1 each				
At the beginning and end of the period	333	333	333	333
Ordinary shares class C of £0.01 each				
Opening balance	39	-	1	-
Issued in the period	12	39	-	1
Closing balance	51	39	1	1
Ordinary shares class D of £0.01 each				
Opening balance	34	-	-	-
Issued in the period	23	34	-	-
Closing balance	57	34	-	-
Total			1,001	1,001

All ordinary shares share ratably in the payment of distributions which are allocated on an aggregate basis. The holders of these shares are entitled to receive notice of, attend and speak at general meetings of the Company and to vote on resolutions. Ordinary shares in issue immediately prior to a re-designation of any preferred convertible shares shall be automatically re-designated as Ordinary A shares. Ordinary shares have full dividend rights and do not confer any rights of redemption.

Preferred Convertible A shares which were issued in 2013, share ratably in the payment of distributions which are allocated on an aggregate basis to this share class as detailed in the Articles of Association. These shares carry the right to receive notice of, attend and speak at general meetings and to vote on resolutions. These shares carry full dividend rights and do not confer any rights of redemption.

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

Preferred Convertible B shares which were issued in 2013, share ratably in the payment of distributions which are allocated on an aggregate basis to this share class as detailed in the Articles of Association. Preferred Convertible B shares do not carry the right to receive notice, attend and speak at general meetings or to vote on resolutions. Preferred Convertible B shares have full dividend rights and do not confer any rights of redemption.

Ordinary C shares which were issued during 2014 and 2015, have no right entitling the holders to participate in any dividend distribution (other than as detailed in the Company Articles), and are not entitled to receive notice of, attend or speak at general meetings or vote on resolutions. Ordinary C shares do not confer any right of redemption. Ordinary C shares have been issued to employees with the purpose of replacing share options that were previously granted.

Ordinary D shares which were issued during 2014 and 2015, have no right entitling the holders to participate in any dividend distribution (other than as detailed in the company articles), not entitled to receive notice of, attend or speak at general meetings or vote on resolutions. Ordinary D shares do not confer any right of redemption. Ordinary D shares were issued to selected employees as incentives.

During the periods to 31 December 2015 and 31 January 2015 the Company issued ordinary shares of class C and D as part of its share based payments arrangements with its staff. See note 18.

*3,000 class D shares issued in the 11 month period ended 31 December 2015 were partially paid for in that period.

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

18. Share based payments

The Group has two equity settled share schemes that allow employees to acquire shares in the Company and one cash settled share scheme. The total cost recognised in the statement of comprehensive income is shown below:

	11 months ended 31 December 2015	Year ended 31 January 2015 as restated
	£'000	£'000
2014 Equity plan	160	56
2008 Enterprise management incentive plan	(138)	(94)
Cash settled share based payment plan	22	22
	<u>44</u>	<u>(16)</u>

The features of the Group's share based schemes are as follows:

2014 Equity plan

The Group enters into arrangements that are equity settled with certain employees. These are measured at fair value at the date of grant, which is then recognised in the statement of comprehensive income on a straight line basis over the vesting period based on the estimated number of shares that will ultimately vest. Fair value is estimated by use of an internal model. The charge is adjusted at each balance sheet date to reflect the actual number of forfeitures, cancellations and leavers during the period as well as the estimated period to vesting. The award is subject to the condition that the employees remain in employment at the date of settlement. All shares were issued at a price of £0.01.

Details of shares outstanding at the end of the periods are as follows:

Grant date	Granted during the period	Cancelled during the period	Outstanding at 1 February 2015	Granted during the period	Outstanding at 31 December 2015	Vesting period (years)	Exercise price (£)
Ordinary C							
15-Apr-14	34,000	-	34,000	-	34,000	11.7	0.01
31-Oct-14	5,000	-	5,000	-	5,000	11.2	0.01
01-Mar-15	-	-	-	12,000	12,000	10.8	0.01
	<u>39,000</u>	<u>-</u>	<u>39,000</u>	<u>12,000</u>	<u>51,000</u>		
Ordinary D							
15-Apr-14	19,000	(10,000)	9,000	-	9,000	11.4	0.01
07-Aug-14	20,000	-	20,000	-	20,000	11.2	0.01
31-Oct-14	5,000	-	5,000	-	5,000	10.8	0.01
01-Mar-15	-	-	-	13,500	13,500	10.1	0.01
10-Nov-15	-	-	-	6,250	6,250	11.7	0.01
	<u>44,000</u>	<u>(10,000)</u>	<u>34,000</u>	<u>19,750</u>	<u>53,750</u>		
	<u>83,000</u>	<u>(10,000)</u>	<u>73,000</u>	<u>31,750</u>	<u>104,750</u>		

Classes C and D shares entitle their holders to a dividend payment if World First UK Ltd has an IPO or a major shareholding re-organisation of at least 50% of the current shareholding. Classes C and D shares have neither voting rights nor rights to any other dividends or distribution.

Under IFRS 2 Share Based Payments, the fair value of the shares less the price paid must be recognised over the expected vesting period of these shares. It is anticipated that the shares will vest over a period to 31 December 2025. The total

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

estimated cumulative fair value of shares granted is £0.6m (January 2015: £1.5m). The shares vest equally over the period from grant to 31 December 2025. No shares were cancelled, lapsed or were forfeited up to 31 December 2015.

The Group uses an internal model to determine the fair value of the C and D classes of shares at the grant date, taking into account the terms of the shares and the expected future outcomes for the Group. The major assumptions applied by the Group in the options valuation model were as following:

Discount rate	10%
Valuation discount for lack of liquidity	50%

2008 Enterprise management incentive (EMI) plan

The Group granted options over its shares to certain employees that are exercisable at the tenth anniversary from the date of grant at the exercise price of £0.01. These are measured at fair value at the date of grant, which is then recognised in the statement of comprehensive income on a straight line basis over the vesting period based on the Group's estimated number of shares that will ultimately vest. Fair value is estimated by use of an internal model. The charge is adjusted at each balance sheet date to reflect the actual number of forfeitures, cancellations and leavers during the period. The award is subject to the condition that the employees remain in employment at the date of settlement.

Details of share options outstanding at the end of the periods are as follows:

Grant date	Outstanding at 1 February 2014	Lapsed during the period	Outstanding at 31 January 2015	Lapsed during the period	Outstanding at 31 December 2015
20-Jul-07	10,000	(5,500)	4,500	(2,000)	2,500
13-Feb-08	17,000	(6,500)	10,500	(8,000)	2,500
20-Jul-09	10,000	-	10,000	(10,000)	-
19-May-10	10,000	(10,000)	-	-	-
14-Feb-12	17,000	(5,000)	12,000	-	12,000
	<u>64,000</u>	<u>(27,000)</u>	<u>37,000</u>	<u>(20,000)</u>	<u>17,000</u>

None of the options were exercisable at the end of the periods. The weighted average remaining contractual life of the options as at 31 December 2015 was 4.9 years (31 January 2015: 4.7 years).

Cash settled share based payment plan

The Company has an agreement with an employee that is a cash settled award plan. The company accounts for the cash settled plan at fair value. A liability is measured and recognised initially and at the end of each reporting period until settled. The total fair value of the award is amortised over the expected vesting period. The liability arising under this scheme was £36k as at 31 December 2015 (31 January 2015: £136k).

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

19. Reserves

Called up Share capital - Amount subscribed for share capital at nominal value.

Share premium - Amount subscribed for share in excess of nominal value.

Retained earnings - Cumulative gains and losses recognised in the consolidated statements of comprehensive income.

Foreign exchange reserve - Gains/ (losses) arising on translating the net assets of overseas operations into GBP.

Share based payments - Amounts recognised in retained earnings in respect of share based payments.

Non-controlling interests - During the 11 month period to 31 December 2015 the Company bought out non-controlling interests represented by 10% holding in World First USA, Inc., thus increasing its ownership of the subsidiary to 100%.

20. Related parties transactions

The Company has taken advantage of the exemption conferred by IFRS 8 "Related Party Transactions" not to disclose transactions with wholly owned subsidiaries.

During the year, a Director reimbursed the Group £0.4m for bonuses paid to key employees.

FTV World First LLC ('FTV') an investment firm owns 40% of the issued share capital of the Company. K A Griswold and B Bernstein, who are Directors of the Company, are also directors of FTV. During the 11 months period ended 31 December 2015 the Company reimbursed £32k (January 2015: £30k) to FTV for travel and accommodation expenses.

The remuneration of two key members of the management team is included in the Directors' remuneration in note 4.

21. Post balance sheet events

In March 2016 the Board decided to restructure the operations of World First USA, Inc., moving the headquarters to Austin, Texas and closing the Virginia office. This is a non-adjusting event and the estimated costs of £675k have been recognised in 2016.

After the balance sheet date, the Company made total capital contributions of £9.8m into its subsidiaries.

22. Operating leases

The Group leases a number of its offices under operating leases. During the 11 month period to 31 December 2015 £1.3m was recognised as an expense in the Statement of Comprehensive Income in respect of operating leases (January 2015: £1m).

The future minimum payments due under non-cancellable operating leases are as follows:

	Group 11 months ended 31 December 2015 £'000	Group Year ended 31 January 2015 as restated £'000	Company 11 months ended 31 December 2015 £'000	Company Year ended 31 January 2015 as restated £'000
Operating lease payments due:				
Within one year	1,061	781	518	463
In two to five years	2,878	3,252	1,273	1,389
In more than five years	664	599	300	107
	<u>4,603</u>	<u>4,632</u>	<u>2,091</u>	<u>1,959</u>

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

23. Pension commitments

The Company operates a defined contribution pension scheme. The pension cost charge for the period was £0.6m (January 2015: £0.5m). Included on the balances sheet were amounts due to the pension scheme of £35k (January 2015: Nil).

24. Contingent liabilities

The Group does not have any significant contingent liabilities. At 31 December 2015 there was no material litigation outstanding against the Company or any of its subsidiary undertakings.

The Company has provided a guarantee of £0.5m to one of the counterparty banks for World First Markets Limited. The Company has provided a guarantee for the payment of rent for World First USA Inc. This commitment is included within the numbers disclosed in note 22.

The lease agreement of World First Pty Limited contains a lease incentive such that the total rent paid is reduced unless the lease is terminated early or the company defaults on more than three occasions. Although the lease incentive can be reliably measured, it is not recognised in the financial statements because a future sacrifice of the economic benefits is not considered probable. The value of the contingent liability as at 31 December 2015 is £81k.

The Company has provided undertakings to maintain sufficient net equity in its operating subsidiaries.

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

25. Transition to IFRS and prior year restatement

For all periods up to and including the period ended 31 January 2015, the Group prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the 11 months ended 31 December 2015, are the first the Group has prepared in accordance with EU-based IFRS.

Accordingly, the Company has prepared individual financial statements which comply with IFRS applicable for periods beginning on or after 1 February 2014.

During the period to 31 December 2015 the Group has identified a number of adjustments in its financial statement for the prior year and has restated its balance sheets as at 31 January 2014 and 31 of January 2015 as well as its statement of comprehensive income for the period ended 31 January 2015.

In preparing these financial statements, the Group has started from an opening balance sheet as at 1 February 2014, the Group's date of transition to IFRS, and made those changes in accounting policies and other restatements required for the first-time adoption of IFRS as well as other adjustments. As such, this note explains the principal adjustments made by the Group in restating its balance sheet as at 1 February 2014 prepared under previously extant UK GAAP and its previously published UK GAAP financial statements for the period ended 31 January 2015.

On transition to IFRS, the Group has applied the requirements of paragraphs 6-33 of IFRS 1 "First time adoption of International Financial Reporting Standards".

Reporting adjustments within the prior period financial statements:

IAS 32/39

The Company did not account for derivative financial instruments at fair value in all prior periods presented.

IAS 32

IAS 32 requires financial assets and liabilities to be reported on the gross basis if the entity does not have a legal right to net them off.

IAS 17

Upfront lease rental incentives to be included in the calculations of net rental charges to be recognised over the period of a lease.

IAS 19

An entity is required to make a provision for unused entitlement to a paid leave at the end of a period.

IFRS 2

An entity is required to recognise the fair value of share based payments given to employees in return for the services provided over the vesting period.

Other

Other adjustments include customer balances, presentational adjustment to cash balances, gross up of related company balances, impact of changes in the accounting policy in relation to bad debt provision and tax effect on all the adjustments made.

Transition to IFRS adjustments

IAS 38

Unlike UK GAAP, IFRS requires entities to capitalise development costs that meet certain criteria as intangible assets and amortise them over their useful economic life.

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

Other comprehensive income

Foreign exchange adjustments arising on consolidation are presented within other operating income/expenses for the period.

Group

Group reconciliation of profit for the year ending 31 January 2015

	As published £'000	IAS 39 £'000	IAS 17 £'000	IAS 19 £'000	IFRS 2 £'000	IAS 38 £'000	Other £'000	As restated £'000
Revenue	37,868	(573)	-	-	-	-	1	37,296
Other operating income	1	-	-	-	-	-	(1)	-
Operating expenses	(28,076)	-	(113)	(95)	(60)	872	(552)	(28,024)
Exceptional item	(964)	-	-	-	-	-	964	-
Operating profit	8,829	(573)	(113)	(95)	(60)	872	412	9,272
Interest receivable and similar income	119	-	-	-	-	-	-	119
Interest payable and similar charges	(17)	-	-	-	-	-	-	(17)
Profit on ordinary activities before taxation	8,931	(573)	(113)	(95)	(60)	872	412	9,374
Tax charge on profit on ordinary activities	(1,862)	-	-	-	-	-	83	(1,779)
Profit for the period	7,069	(573)	(113)	(95)	(60)	872	495	7,595
Other comprehensive income								
Exchange differences on translation of foreign operations	-	-	-	-	-	-	212	212
Total comprehensive income	7,069	(573)	(113)	(95)	(60)	872	707	7,807

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

Group reconciliation of equity as at 31 January 2015

	As published £'000	2014 restatement £'000	Minority Interest £'000	IAS 32/39 £'000	IAS 32 £'000	IAS 17 £'000	IAS 19 £'000	IFRS 2 £'000	IAS 38 £'000	Other £'000	As restated £'000
Non-current assets											
Property and equipment	1,467	(61)	-	-	-	-	-	-	(28)	-	1,378
Intangible assets	-	1,121	-	-	-	-	-	-	899	-	2,020
Derivative financial instruments	-	-	-	10,632	-	-	-	-	-	-	10,632
Deferred tax asset	491	200	-	-	-	-	-	-	-	(79)	612
Total non-current assets	1,958	1,260	-	10,632	-	-	-	-	871	(79)	14,642
Current assets											
Cash and cash equivalents	19,349	-	-	-	-	-	-	-	-	(12,503)	6,846
Corporation tax	-	-	-	-	-	-	-	-	-	61	61
Collateral placed with banks	-	-	-	-	-	-	-	-	-	20,345	20,345
Cash and cash equivalents held for customers	61,769	-	-	-	-	-	-	-	-	22,927	84,696
Trade and other receivables	5,290	126	-	(10,267)	110,352	-	-	-	-	1,156	106,657
Derivative financial instruments	-	-	-	40,904	-	-	-	-	-	-	40,904
Total current assets	86,408	126	-	30,637	110,352	-	-	-	-	31,986	259,509
Total assets	88,366	1,386	-	41,269	110,352	-	-	-	871	31,907	274,151
Current liabilities											
Trade and other payables	6,358	1,505	-	(3,252)	82,521	113	95	127	-	(1,316)	86,151
Corporation tax	1,192	-	-	-	-	-	-	-	-	(280)	912
Amounts due to customers	61,769	-	-	(4,495)	27,831	-	-	-	-	31,999	117,104
Derivative financial instruments	-	-	-	39,052	-	-	-	-	-	-	39,052
Deferred tax liability	-	-	-	-	-	-	-	-	-	378	378
Total current liabilities	69,319	1,505	-	31,305	110,352	113	95	127	-	30,781	243,597
Non-current liabilities											
Derivative financial instruments	-	-	-	10,537	-	-	-	-	-	-	10,537
Other payables	-	-	-	-	-	-	-	-	-	418	418
Net assets	19,047	(119)	-	(573)	-	(113)	(95)	(127)	871	708	19,599
Capital and reserves											
Called up share capital	1,001	-	-	-	-	-	-	-	-	-	1,001
Other reserves	358	-	-	-	-	-	-	-	-	(358)	-
Share based payments reserve	-	-	-	-	-	-	-	(67)	-	358	291
Retained earnings	17,291	(220)	-	(573)	-	(113)	(95)	(60)	871	708	17,809
Foreign exchange reserve	-	113	212	-	-	-	-	-	-	-	325
Non-controlling interests	18,650	(107)	212	(573)	-	(113)	(95)	(127)	871	708	19,426
Equity shareholders' funds	397	(12)	(212)	-	-	-	-	-	-	-	173
	19,047	(119)	-	(573)	-	(113)	(95)	(127)	871	708	19,599

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

Group reconciliation of equity as at 31 January 2014

	As published £'000	Minority interest £'000	IAS 32/39 £'000	IAS 32 £'000	IAS 17 £'000	IFRS 2 £'000	IAS 38 £'000	Other £'000	As restated £'000
Non-current assets									
Property and equipment	297	-	-	-	-	-	(61)	-	236
Intangible assets	-	-	-	-	-	-	1,121	-	1,121
Derivative financial instruments	-	-	3,873	-	-	-	-	-	3,873
Deferred tax asset	-	-	-	-	-	-	-	200	200
Total non-current assets	297	-	3,873	-	-	-	1,060	200	5,430
Current assets									
Cash and cash equivalents	13,736	-	-	-	-	-	-	(2,249)	11,487
Collateral placed with banks	-	-	-	-	-	-	-	15,891	15,891
Cash and cash equivalents held for customers	37,220	-	-	-	-	-	-	(13,642)	23,578
Trade and other receivables	3,105	-	(5,134)	54,437	-	-	-	126	52,534
Derivative financial instruments	-	-	22,618	-	-	-	-	-	22,618
Total current assets	54,061	-	17,484	54,437	-	-	-	126	126,108
Total assets	54,358	-	21,357	54,437	-	-	1,060	326	131,538
Current liabilities									
Trade and other payables	4,398	-	(1,626)	39,315	16	9	-	-	42,112
Corporation tax	1,129	-	-	-	-	-	-	-	1,129
Amounts due to customers	37,220	-	(2,248)	16,601	-	-	-	-	51,573
Derivative financial instruments	-	-	21,610	-	-	-	-	-	21,610
Total current liabilities	42,747	-	17,736	55,916	16	9	-	-	116,424
Non-current liabilities									
Derivative financial instruments	-	-	3,621	-	-	-	-	-	3,621
Net assets	11,611	-	-	(1,479)	(16)	(9)	1,060	326	11,493
Capital and reserves									
Called up share capital	1,000	-	-	-	-	-	-	-	1,000
Other reserves	310	-	-	-	-	(310)	-	-	-
Share based payments reserve	-	-	-	-	-	310	-	-	310
Retained earnings	10,163	12	-	(1,479)	(16)	(9)	1,060	213	9,944
Foreign exchange reserve	-	-	-	-	-	-	-	113	113
	11,473	12	-	(1,479)	(16)	(9)	1,060	326	11,367
Non-controlling interests	138	(12)	-	-	-	-	-	-	126
Equity shareholders' funds	11,611	-	-	(1,479)	(16)	(9)	1,060	326	11,493

World First UK Limited

Period ended 31 December 2015

Notes to the financial statements

Company

Company reconciliation of equity as at 31 January 2015

	As published £'000	IAS 32/39 £'000	IAS 32 £'000	IFRS 2 £'000	IAS 38 £'000	Other £'000	As restated £'000
Non-current assets							
Property and equipment	1,099	-	-	-	(89)	-	1,010
Intangible assets	-	-	-	-	2,020	-	2,020
Investments in subsidiaries	4,322	-	-	-	-	-	4,322
Derivative financial instruments	-	2,210	-	-	-	-	2,210
Total non-current assets	5,421	2,210	-	-	1,931	-	9,562
Current assets							
Cash and cash equivalents	8,741	-	-	-	-	(6,676)	2,065
Collateral placed with banks	-	-	-	-	-	9,095	9,095
Cash and cash equivalents held for customers	47,682	-	-	-	-	29,580	77,262
Trade and other receivables	4,679	(7,557)	90,070	-	-	-	87,192
Derivative financial instruments	-	18,905	-	-	-	-	18,905
Amounts due from related companies	10,437	-	-	-	-	8,688	19,125
Total current assets	71,539	11,348	90,070	-	-	40,687	213,644
Total assets	76,960	13,558	90,070	-	1,931	40,687	223,206
Current liabilities							
Trade and other payables	5,062	(3,252)	75,782	-	-	(764)	76,828
Corporation tax	1,220	-	-	-	-	(263)	957
Amounts due to customers	56,398	(1,302)	10,698	-	-	26,322	92,116
Amounts due to customers of subsidiaries	-	-	-	-	-	17,293	17,293
Derivative financial instruments	-	16,928	-	-	-	-	16,928
Deferred tax liability	-	-	-	-	-	378	378
Amounts due to related companies	-	(484)	5,069	-	-	(2,929)	1,656
Total current liabilities	62,680	11,890	91,549	-	-	40,037	206,156
Non-current liabilities							
Derivative financial instruments	-	1,944	-	-	-	-	1,944
Other payables	-	-	-	-	-	290	290
Net assets	14,280	(276)	(1,479)	-	1,931	360	14,816
Capital and reserves							
Called up share capital	1,001	-	-	-	-	-	1,001
Other reserves	358	-	-	(358)	-	-	-
Share based payment reserve	-	-	-	291	-	-	291
Retained earnings	12,921	(276)	(1,479)	67	1,931	360	13,524
Equity shareholders' funds	14,280	(276)	(1,479)	-	1,931	360	14,816