World First UK Limited

Financial Statements

Year ended 31 December 2017

Company Registration No.05022388

General information

Directors

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

Registered office

Millbank Tower
21-24 Millbank
London
SW1P 4QP

Auditor

Ernst & Young LLP

Bankers

Barclays Bank Plc

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World First UK Limited

Year ended 31 December 2017

Strategic report

Delivering progress

The core mission of World First continues to be "to move money around the world brilliantly" delivering a fairer exchange rate to our personal and corporate customers, helping to make international trade easier. We do this with our informed, friendly and helpful customer service staff, highly developed technology and an industry leading regulatory and compliance platform.

The Board in 2017 pursued four main themes for the Group. These were:

- Investment in our people
- Growth in our customer base and our brand
- Enhancing our product offering to further improve customer service, and
- Enhancing the World First platform to support low cost and effective processing

We invested in the skills of our people, building capabilities and adding new staff as our business developed. Our customer base has continued to expand with an increasing proportion of our business originating outside the UK and we have increased significantly the rate of expenditure on developing our core technology, offering new features and improving efficiency. We introduced a new product, World Account that allows customers much more flexibility in receiving and making payments across different currencies. We completed the deployment of a new global accounting system, improving financial governance and reducing reporting cycles. We also introduced new customer management systems.

Playing to our strengths

We remain committed to developing our core foreign exchange spot and forward services for our customers together with related international payment and cash management services. In this regard, a decision was made in December 2016 to cease our currency options business and, during 2017, we closed down all outstanding positions. The options business was largely conducted through World First Markets and we have now relinquished regulatory permissions for this business. The income statement on page 11 shows separately the performance of our continuing and discontinued operations for the year ended 31 December 2017 and the comparative prior year period.

Business Performance

The underlying performance of the business is summarised below. This comprises spot and forward foreign exchange and payments for private clients and corporates across our international locations. The firm experienced some pressure on margins during 2017, particularly in the eCommerce business. This was more than offset, however, by continued growth in our client base and associated transaction volumes in all our major markets. Active dealing clients rose by 14%, transaction volumes rose 38% during the year and the value of deal turnover rose by 17%. In response to the pressures on revenues, we undertook a thorough review of the cost base: all cost lines were subject to significant management scrutiny and the structure of the cost base has been more closely aligned with revenue growth. Initiatives to reduce costs included the successful elimination of costs associated with the closed options business. The 2017 cost base includes £0.9m of one-off restructuring costs. Cost management was also supported by the ongoing migration of business volumes to the online channel and away from telephone; 80% of our customer transactions are now online. The impact of the above was to reduce the cost run rate in the second half of the year relative to the first half. As a consequence, profitability at the end of the year was significantly higher than the beginning of the year.

	Year ended 31 December 2017	Year ended 31 December 2016
Continuing operations	**£'000**	**£'000**
Income	85,905	77,701
Operating expenses	(77,607)	(66,618)
Profit before interest and tax	8,298	11,083
Discontinued operations		
Profit/(loss) before tax	161	(3,138)
Group profit for the year after tax	**5,749**	**6,553**

Investing to grow

World First has continued to invest in the services provided to its core clients and released, in October 2017, a new product offering, the World Account; this represents the first step in planned extensions of our service offering during 2018 and beyond.

The group also incorporated new subsidiary companies in Asia, which will allow us to extend and enhance our services into new markets. These include World First Japan K.K, World First Payment Gateways India Private Ltd and Yuefan Business Consulting (Shanghai) Co Ltd.

An international outlook

The Board and I were particularly pleased to win, for the second time, the Queen's Award, on this occasion for International Trade and I dedicate that award to the staff and customers of World First who helped us achieve it.

People First

WorldFirst's success is dependent on the skills, commitment and enthusiasm of all our employees. During 2017, we successfully on-boarded circa 150 new starters globally as we addressed a range of skills and capabilities gaps in support of the continuation of our ambitious growth journey. We continued to enhance learning and development opportunities across both our management and technical tracks. We also continued to develop our family-first initiatives such as flexible working and career planning. Keeping People First in all that we do, we provided coaching to employees returning from extended periods of leave and generous maternity and paternity policies that go beyond our statutory obligations.

Our commitment to communities is unchanged and in 2017 we supported, with company resources and the time of our staff, a wide range of charitable organisations through our Community@WF committees.

Principal risks and uncertainties

Our business has grown rapidly since its inception in 2004 and now operates in seven countries around the world servicing more than 80,000 customers. The Board constantly monitors external and internal risks to the business including threats from competitors, changes in market conditions or regulatory requirements. The Executive team is responsible for the day-to-day operations of all our business in respect of the laws, standards and risk constraints determined by the Board. The key risks and our responses to these, are described in the Directors' Report. The key financial risks are set out in note 15.

Future Opportunities

We will continue to pursue opportunities to expand our service offerings and to enter new geographies and markets. In particular, we will continue to roll out our World Account offering to our existing and new clients. We also have plans for ongoing improvements to our client registration processes and we will look to further automate the connectivity with our customers, partners and with market places. World First achieved a lot in 2017 both in terms of delivering profitable growth in the continuing businesses and in terms of re-focusing our activities on the brightest opportunities that lie ahead. We ended the year in a strong financial position with a lot of forward momentum.

We're changing money

Jonathan Roger Aitken Quin
Director
5th April 2018

World First UK Limited

Year ended 31 December 2017

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 Limited (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. At the end of 2016 a decision was taken to cease offering options products. The last currency options were executed for clients in January 2017 and the firm sold or closed all outstanding option positions during 2017. The Group provides spot and forward foreign exchange transactions together with related payment and cash management services.

Directors of the Company

- Sir David Cecil Clementi (Chairman)
- Mr Jonathan Roger Aitken Quin (Chief Executive Officer)
- Mr Nicholas James Gray Robinson (Vice Chairman)
- Mr Alexander Filshie (Chief Financial Officer, resigned 23rd June 2017)
- Mr Brad Bernstein
- Mr Kyle Griswold
- Mr James Coyle (appointed 1st May 2017)

Company secretary

Rosheen Fischer resigned as company secretary on 29th December 2017. Lorraine May Blair was appointed as company secretary on 29th March 2018.

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.

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 was authorised and regulated in the UK by the Financial Conduct Authority as an investment firm. The entity ceased to be authorised by the FCA on 22nd December 2017, following the closure of all outstanding option positions.

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

World First USA, Inc. is incorporated in Delaware and is registered as a Money Services Business in the United States with Financial Crimes Enforcement Network (FinCEN). It is also registered as a non-depositary financial institution with the Nationwide Multistate Licencing 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 as a limited company 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 as a limited company and is regulated as a remittance business by the Monetary Authority of Singapore (MAS).

Principal risks and uncertainties

As an expanding international business World First faces an expanding set of potential risks and uncertainties. As part of the ongoing emphasis on risk management and strong corporate governance, in May 2017, the Group appointed Jim Coyle as a non-executive Board member and as chair of its Audit and Risk Committee.

The Board and Management regularly monitor key risks through the Audit & Risk Committee and the Executive Committee which tracks indicators for each category of risk to which the Group is exposed. These include: operational & compliance risk, financial risk (including credit, market & liquidity), strategic risk (including business & reputational) and information risk. Under these high level categories the Group's principal risks for 2018 are viewed as follows: markets and competition leading to spread compression, external fraud, cyber risk, technical debt, upstream regulation, a large systemic event leading to liquidity constraints in the market and litigation.

The Group's approach to managing risk is set out in note 15 to the financial statements.

Donations

The Company made no cash donations during 2017. However, it is committed to donate £195k to a selection of charities nominated by staff (none of which were political organisations).

Employee involvement

The Company operates a framework for providing employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2005. During the year, 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 variety of channels including our Employee Forum, monthly meetings between regional management and employees and a monthly newsletter from the CEO.

Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

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 as appropriate.

Events since the balance sheet date

The Group has continued to operate successfully in 2018 in line with the strategy set out by the Board.

Other than as disclosed in Note 22, the Directors do not believe that any specific reportable events have occurred since the balance sheet date.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue normal operations 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 year ended 31 December 2017 (December 2016: 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.

Completing the closure of the options business reduces risk for World First and increases our focus on the core products we offer to our personal and corporate customers.

The increased investment the Group has made during the period in our people and the technology platforms which deliver our services, position the business well to grow profitably in the future.

Auditors

The auditors, Ernst & Young LLP, are deemed to be reappointed under section 487 of the Companies Act 2006.

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

Jonathan Roger Aitken Quin
Director
5th April 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORLD FIRST UK LIMITED

Opinion

We have audited the financial statements of World First UK Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Group statement of comprehensive income, the Group and Parent company Balance Sheet, Group statement of cash flows, the Group and Parent statement of changes in equity and the related notes 1 to 26, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group 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 parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2017 and of the group's profit for the year then ended;

- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report set out on pages 2 - 7, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Ernst & Young LLP

Robert McCracken (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
5th April 2018

World First UK Limited

Year ended 31 December 2017

Consolidated statement of comprehensive income

	Notes	Year ended 31 December 2017 £'000	Year ended 31 December 2016 as restated £'000
Continuing operations			
Revenue		84,578	79,647
Other income		1,327	(1,946)
Total income	3	**85,905**	**77,701**
Operating expenses	5	(77,607)	(66,618)
Operating profit		**8,298**	**11,083**
Interest receivable and similar income		303	335
Interest payable and similar charges		(133)	(225)
Profit on ordinary activities before taxation		**8,468**	**11,193**
Tax charge on profit on ordinary activities	8	(2,848)	(1,965)
Profit for the financial year from continuing operations		**5,620**	**9,228**
Discontinued operations			
Income/(loss) for the year from discontinued operations	6	**129**	**(2,675)**
Profit for the year		**5,749**	**6,553**
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(2,764)	3,801
Total comprehensive income		**2,985**	**10,354**

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

World First UK Limited

Year ended 31 December 2017

Consolidated balance sheet

	Notes	As at 31 December 2017 £'000	As at 31 December 2016 As restated £'000
Non-current assets			
Property, plant and equipment	9	1,821	1,778
Intangible assets	10	10,809	7,167
Derivative financial instruments	12	575	1,231
Other receivables	13	530	380
Corporation tax receivable		1,862	-
Deferred tax asset	8	1,635	3,247
		17,232	**13,803**
Current assets			
Cash and cash equivalents		8,245	18,143
Collateral placed with banks		9,560	26,681
Cash and cash equivalents held for customers		372,201	289,434
Trade and other receivables	13	70,268	82,998
Derivative financial instruments	12	9,398	17,588
Corporation tax receivable		133	2,691
Assets held for disposal	6	-	23,424
		469,805	**460,959**
Total assets		**487,037**	**474,762**
Current liabilities			
Trade and other payables	14	79,382	96,202
Amounts due to customers		355,625	290,268
Derivative financial instruments	12	6,937	16,815
Corporation tax payable		354	5,189
Liabilities held for disposal	6	-	23,927
		442,298	**432,401**
Non-current liabilities			
Derivative financial instruments	12	382	1,324
Other payables	14	1,103	1,086
Deferred tax liability	8	-	5
		1,485	**2,415**
Total liabilities		**443,783**	**434,816**
Net assets		**43,254**	**39,946**
Capital and reserves			
Called up share capital	18	1,001	1,001
Share premium	20	265	265
Share based payment reserve	20	739	416
Retained earnings	20	39,463	33,714
Foreign exchange reserve	20	1,786	4,550
Total shareholders' funds		**43,254**	**39,946**

The financial statements were approved by the Board and signed on its behalf by:
Jonathan Roger Aitken Quin
Director
Date: 5th April 2018
The accompanying accounting policies and explanatory information form an integral part of the financial statements

World First UK Limited

Year ended 31 December 2017

Company balance sheet

	Notes	As at 31 December 2017 £'000	As at 31 December 2016 As restated £'000
Non-current assets			
Property, plant and equipment	9	866	1,006
Intangible assets	10	10,782	7,167
Investments in subsidiaries	11	23,510	20,574
Derivative financial instruments	12	574	1,228
Deferred tax asset	8	28	-
Other receivables	13	27	27
		35,787	**30,002**
Current assets			
Cash and cash equivalents		1,056	644
Collateral placed with banks		8,336	8,085
Cash and cash equivalents held for customers		344,286	252,531
Trade and other receivables	13	53,841	54,706
Amounts due from related companies		46	24,515
Derivative financial instruments	12	9,349	18,038
Corporation tax receivable		-	1,522
		416,914	**360,041**
Total assets		**452,701**	**390,043**
Current liabilities			
Trade and other payables	14	60,512	63,671
Corporation tax payable		352	-
Amounts due to customers		95,577	81,709
Amounts due to customers of subsidiaries		232,646	181,135
Amounts due to related companies		27,305	30,154
Derivative financial instruments	12	7,082	17,825
		423,474	**374,494**
Non-current liabilities			
Derivative financial instruments	12	383	1,329
Other payables	14	444	383
Deferred tax liability	8	-	5
		827	**1,717**
Total liabilities		**424,301**	**376,211**
Net assets		**28,400**	**13,832**
Capital and reserves			
Called up share capital	18	1,001	1,001
Share premium	20	265	265
Share based payment reserve	20	739	416
Retained earnings	20	26,395	12,150
Total shareholders' funds		**28,400**	**13,832**

The financial statements were approved by the Board and signed on its behalf by:
Jonathan Roger Aitken Quin
Director
Date: 5th April 2018

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

World First UK Limited

Year ended 31 December 2017

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	Total Equity £'000
At 1 January 2016	**1,001**	**265**	**313**	**27,161**	**749**	**29,489**	**29,489**
Profit for the year	-	-	-	6,553	-	6,553	6,553
Other comprehensive income for the year	-	-	-	-	3,801	3,801	3,801
Share based payments	-	-	103	-	-	103	103
At 31 December 2016 (as restated)	**1,001**	**265**	**416**	**33,714**	**4,550**	**39,946**	**39,946**
Profit for the year	-	-	-	5,749	-	5,749	5,749
Other comprehensive loss for the year	-	-	-	-	(2,764)	(2,764)	(2,764)
Share based payments	-	-	323	-	-	323	323
At 31 December 2017	**1,001**	**265**	**739**	**39,463**	**1,786**	**43,254**	**43,254**

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

World First UK Limited
Year ended 31 December 2017
Company statement of changes in equity

	Called up share capital £'000	Share Premium £'000	Share based Payments reserve £'000	Retained earnings £'000	Shareholders' equity £'000
At 1 January 2016	**1,001**	**265**	**313**	**14,553**	**16,132**
Total comprehensive loss for the year	-	-		(2,403)	(2,403)
Share based payments	-	-	103	-	103
At 31 December 2016 (as restated)	**1,001**	**265**	**416**	**12,150**	**13,832**
Total comprehensive income for the year	-	-	-	14,245	14,245
Share based payments	-	-	323	-	323
At 31 December 2017	**1,001**	**265**	**739**	**26,395**	**28,400**

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

World First UK Limited

Year ended 31 December 2017

Consolidated cash flow statements

	Year ended 31 December 2017	Year ended 31 December 2016 As restated
	£'000	£'000
Cash flows from operating activities		
Profit from continuing operations	**5,620**	**9,228**
Loss from discontinued operations	**129**	**(2,675)**
Adjustments to reconcile net profit to net cash provided by operating activities		
Change in market value of derivatives	(568)	358
Tax charge	2,880	1,502
Depreciation	1,280	932
Amortisation	3,180	1,445
Share based compensation	408	60
Movement in provisions	(211)	3,129
Net foreign exchange movement	(2,205)	1,394
Change in assets held for disposal	49	584
Operating cash flow before changes in working capital	**10,562**	**15,957**
Changes in operating assets and liabilities		
Change in collateral placed with banks	17,121	928
Change in cash and cash equivalents held for customers	(82,767)	(118,496)
Change in trade and other receivables	12,600	18,208
Change in trade and other payables	(16,867)	(19,748)
Change in derivative financial instruments	(1,958)	4,094
Change in amounts due to customers	65,357	106,143
Tax paid	(5,412)	(2,166)
Net cash flow from operating activities	**(1,364)**	**4,921**
Cash flows (used in) / from investing activities		
Acquisition of property, plant and equipment	(1,323)	(1,379)
Investment in intangible assets	(6,822)	(5,272)
Interest received	303	335
Net cash flow used in investing activities	**(7,842)**	**(6,316)**
Cash flows used in financing activities		
Interest paid	(133)	(225)
Net cash flow used in financing activities	**(133)**	**(225)**
Net change in cash	**(9,339)**	**(1,620)**
Cash at beginning of year	18,143	17,356
Effect of exchange rate fluctuation	(559)	2,407
Cash at end of year	**8,245**	**18,143**

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

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

The financial statements of World First UK Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 31 December 2017 were authorised for issue by the Board of Directors (the "Board") on 29th March 2018 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 year ended 31 December 2017 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

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 derivative 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.

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

a) 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.

Subsidiaries are consolidated from 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 and losses arising from them, are eliminated in full.

b) 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*.

The Directors have approved these disclosure exemptions for the Company.

c) 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.

In January 2016, the IASB amended IAS 7 'Cash Flow Statements' to require disclosure of the movements in financing liabilities. The Group adopted the standard from its effective date of 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 Group adopted the standard from its effective date of 1 January 2017. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group.

There were no other applicable new standards coming into effect during the year that impacted the Group.

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, when they become effective. The impact of these changes to the Group and Company is outlined below.

		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

Effective after 2017

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. IFRS 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cashflow characteristics and the business model under which they are held. The impairment requirements in IFRS 9 are based on an expected credit loss model and replace the IAS 39 incurred loss model. The Group expects no significant impact on the measurement of financial instruments upon adoption of IFRS 9.

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. IFRS 15 establishes a five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue when the promised services are transferred to the customer i.e. when performance obligations are satisfied. The Group does not anticipate a material impact from the adoption of this standard.

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 impact from the adoption of this standard.

d) 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 share based compensation (refer to note 19), deferred tax uncertainties, capitalisation of software development costs, impairment of financial and non-financial assets and transfer pricing. The key areas of accounting judgement and estimation are discussed below.

Tax

Significant judgement is involved in determining the provision for taxation, including the definition of intra-group transfer pricing arrangements. There are certain transactions and computations for which the ultimate tax determination is uncertain.

Deferred tax assets and liabilities can be 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 management it is probable that taxable profits will be available against which the differences can be utilised. Deferred tax assets are recognised in subsidiaries with a history of trading losses where management have prepared and assessed forecasts of taxable profit which indicate full recovery in the foreseeable future with a high level of confidence.

Capitalisation of software development costs

Development expenditure represents expenditure incurred for building internally or purchasing software to support services and products of the Group. Management exercises judgement in determining which software development costs meet the IAS 38 criteria for capitalisation and lead to future economic benefits sufficient to recover the costs capitalised. This includes estimates as to the amount of time spent directly on development of new software or significant improvement of the existing systems. The capitalised assets are amortised over the useful economic lives of these assets. Judgements are involved to determine the useful lives of certain capitalised assets.

Impairment of intangibles

Management exercises judgment in determining whether an impairment loss should be recognised when the carrying amount of intangible assets is less than the recoverable amount, in accordance with IAS 36.

The impairment analysis considers the identification of cash generating units (CGU) in determining any impairment loss.

Impairment of investment in subsidiaries

The carrying value of the Company's investment in subsidiaries is reviewed on an annual basis for any indication of impairment and, if any such indication exists, the assets' recoverable amount is estimated. If an impairment loss is to be recognised in the income statement of the investing company the carrying value of an asset or its cash-generating unit would need to exceed its recoverable amount.

The impairment analysis for investments in subsidiaries considers estimated future results, annual growth rates and profit margins, cash flows from operations and the tangible and intangible assets of the company. Judgement is required in relation to the achievability of the long-term business plan and macroeconomic assumptions underlying the valuation process.

e) 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.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit and loss. Non-monetary assets and liabilities that are measured at historical cost 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 of non-Sterling operations 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 operations.

f) 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.

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.

g) Financial assets

All derivative financial assets are classified as at fair value through profit or loss and are held for trading. All other financial assets are classified as cash and cash equivalents, collateral placed with banks, cash and cash equivalents held for customers, corporation tax receivable, deferred tax, and 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.

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. Trade and other receivables, cash and cash equivalents, collateral placed with banks, cash and cash equivalents held for customers, corporation tax receivable, deferred tax, are held at cost as they are short term and therefore the effect of discounting is immaterial.

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. The credit risk within derivative financial instruments assets is covered by a credit valuation adjustment.

h) Derecognition of financial assets

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income is recognised in profit or loss.

i) Financial liabilities

All derivative financial liabilities are classified as at fair value through profit or loss and are held for trading. All other financial liabilities are held at amortised cost and include; trade and other payables, corporation tax, deferred tax, amounts due to customers and other payables. Trade and other payables include operating expenses payable, accruals and provisions.

All financial liabilities are initially recognised at fair value. Derivative 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. Non-derivative financial liabilities are held at amortised cost as they are short term and therefore the effect of discounting is immaterial.

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

j) Derecognition of financial liabilities

A financial liability is generally derecognised when the obligation under the liability is discharged, sold, cancelled or expired.

k) 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.

l) 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. Cash and cash equivalents are measured at cost being the principal amount. These include:

i) Collateral placed with banks

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

ii) Cash and cash equivalents held for customers

Cash and cash equivalents held for customers represents cash held in segregated accounts. These balances can have a regulatory or operational restriction placed upon them.

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

m) 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 for which the customer chooses to delay onward payment.

n) 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.

o) Taxation

i) 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 based on the company's taxable profit. The taxable profit 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.

ii) 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.

p) Property, plant and equipment

Property, 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, plant 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, plant 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, plant 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 de-recognition.

q) Intangible assets

i) 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 operating expenses on a straight line basis over the useful economic lives of the assets (ranging from 3 to 10 years).

ii) 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 operating expenses on a straight line basis over the useful economic lives of the assets (ranging from 3 to 10 years).

r) 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.

s) Investment in subsidiaries

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

t) 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.

u) 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 or received 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. When lease premises are vacated and are no longer used by the business, a provision is made for the shortfall between the remaining contractual lease payments and any income receivable from sub-letting.

v) 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.

w) Employee benefits

i) Defined contribution plan

The Group and Company operate defined contribution pension schemes and the pension charge represents the contributions made on behalf of employees in respect of that year. These contributions are recognised as compensation expenses in the financial period in which the related service is performed.

ii) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for leave, based on the Group's policy, as a result of services rendered by employees up to the end of the reporting period.

iii) Share based payments

Equity settled award plans

The Group 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 ex-employee that is 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.

x) Income recognition

i) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, in accordance with the Group's accounting policy for revenue recognition.

Revenue is the difference between the cost and selling price of currency (foreign currency margin) and the revaluation of open foreign exchange positions to market value, together with the fees facilitating currency payments. Revenue is recognised after receiving client authorisations to undertake foreign currency transactions for immediate or forward delivery.

Commission expenses are commissions paid to strategic and referral partners.

ii) Other income

Other income includes sublease rent income received from unoccupied property and gains and losses on foreign exchange.

3. Revenue

	Year ended 31 December 2017	Year ended 31 December 2016 As restated
Revenue	**£'000**	**£'000**
Revenue on foreign exchange contracts	88,168	83,849
Commissions	(3,606)	(3,763)
Mark to market on derivatives	16	(439)
	84,578	79,647
Other income		
Gain/(loss) on foreign exchange	970	(2,047)
Income from subleases	343	31
Other income	14	70
	1,327	(1,946)
Total income	**85,905**	**77,701**

4. Employees' and Directors' remuneration

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 As restated £'000
Staff costs (including Directors) comprise:		
Salaries and wages	32,232	23,318
Bonus	3,592	4,805
Social security costs	3,785	2,839
Retirement benefit costs	1,124	763
Share based payments	408	60
	41,141	31,785

Average number of employees including Directors during the year:

	Year ended 31 December 2017	Year ended 31 December 2016
	Number	Number
Sales and dealing	143	140
General administration	432	305
Management	66	62
	641	507

Directors' remuneration:

	Group Year ended 31 December 2017	Group Year ended 31 December 2016
	£'000	£'000
Directors' emoluments	656	611
Retirement benefit costs	19	14
Share based payments	24	1
	699	626

During the period retirement benefits were accruing to 5 Directors (December 2016: 5 Directors) in respect of money purchase pension schemes. The highest paid Director received remuneration of £274k (December 2016: £416k).

The value of the Group's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £12k (December 2016: £12k).

Included in Directors' emoluments is £55k of compensation for loss of office (December 2016: £nil).

World First UK Limited

Year ended 31 December 2017

Notes to the financial statements

5. Operating expenses

Operating profit is after charging:

	Year ended 31 December 2017	Year ended 31 December 2016 As restated
	£'000	£'000
Wages, salaries and bonus	40,733	31,725
Share based payments	408	60
Depreciation	1,280	932
Amortisation	3,180	1,445
Operating lease rental	3,075	2,281
Marketing costs	7,782	12,681
Banking costs	9,405	7,208
Other administrative costs	11,744	10,286
	77,607	66,618

6. Discontinued operations

In December 2016, the decision was made by the Shareholders of World First to stop offering foreign exchange option contracts to its clients and management committed to a plan to offer the World First Options business for sale. The sale process commenced in January 2017.

At 31 December 2016 the Options business was classified as held for disposal and discontinued operations and presented as discontinued operations in the Statement of Comprehensive Income. The last currency options were executed for clients in January 2017 and the firm sold or closed all outstanding option positions during 2017.

A summary of the discontinued options business is shown on the following page.

Loss from discontinued operations

	Year ended 31 December 2017	Year ended 31 December 2016 As restated
Revenue	**£'000**	**£'000**
Revenue on foreign exchange contracts	489	3,226
Commissions	-	(5)
Mark to market on derivatives	552	81
	1,041	3,302
Other income		
(Loss)/gain on foreign exchange	(73)	397
	(73)	397
Total income	**968**	**3,699**
Operating expenses		
Marketing costs	-	(174)
Regulatory costs	(75)	(278)
Professional fees	(426)	(221)
Technology & infrastructure costs	(17)	(638)
Bad debt	343	(2,472)
Audit fees	(120)	(204)
Staff costs	(512)	(2,850)
	(807)	**(6,837)**
Operating gain/(loss)	**161**	**(3,138)**
Tax (charge)/credit on ordinary activities	(32)	463
Gain/(loss) after taxation	**129**	**(2,675)**

Major classes of assets and liabilities held for disposal

	Group Year ended 31 December 2017	Group Year ended 31 December 2016
	£'000	**£'000**
Assets held for disposal - option contracts	-	23,424
Liabilities held for disposal - option contracts	-	(23,927)

7. Auditors' remuneration

	Year ended 31 December 2017	Year ended 31 December 2016 As restated
	£'000	£'000
Audit of financial statements	347	286
Audit of subsidiaries	265	607
	612	893
Audit of financial statements under accrual from prior year	182	-
Taxation advisory services and other services	-	70
Other non-audit services	55	127
	237	197
Total	**849**	**1,090**

8. Corporation tax

a) Tax charge in the income statement on continuing operations

	Year ended 31 December 2017	Year ended 31 December 2016 As restated
	£'000	£'000
Current income tax		
UK corporation tax	536	(74)
Foreign tax	1,399	3,534
Adjustments in respect of prior years	(397)	180
Total current income tax	1,538	3,640
Deferred income tax		
Origination and reversal of temporary differences	660	(1,642)
Impact of change in rates	800	(1)
Adjustments in respect of prior years	(150)	(32)
Total deferred tax	1,310	(1,675)
Tax expense in the income statement	**2,848**	**1,965**

b) Reconciliation of the total tax charge for continuing operations

The tax expense in the income statement for the year is higher (2016: lower) than the standard rate of corporation tax in the UK of 19.25% (2016: 20%). The differences are reconciled below:

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 As restated £'000
Profit before tax	8,468	11,193
Tax charge at UK corporation tax rate of 19.25% (2016: 20%)	1,630	2,239
Effects of:		
Overseas tax rates	(253)	(1,408)
Non-deductible expenses	260	320
Changes in tax rates	800	(1)
Adjustments for prior periods	(547)	148
Other overseas taxes charge / (benefit)	23	(60)
Items not recognised for deferred tax	927	645
Other	8	82
Overall tax charge	**2,848**	**1,965**

c) Reconciliation of the total tax charge for discontinued operations

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 As restated £'000
Gain/(loss) before tax of discontinuing operations	161	(3,138)
Tax charge/(credit) at UK corporation tax rate of 19.25% (2016: 20%)	31	(628)
Effects of:		
Overseas tax rates	13	38
Non-deductible expenses	-	25
Changes in tax rates	-	(6)
Adjustments for prior periods	1	43
Items not recognised for deferred tax	-	23
Utilisation of brought forward losses	(13)	-
Other	-	42
Overall tax charge/(credit)	**32**	**(463)**

d) Change in UK corporate tax rate

The main rate of corporate tax for the year ended 31 December 2017 is 19.25% (2016: 20%).

At Summer Budget 2015, the government announced legislation setting the Corporation Tax main rate at 19% for the years starting the 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. At Budget 2016, the government announced a further reduction to the Corporation Tax main rate for the year starting 1 April 2020, setting the rate at 17%.

e) US tax reform

On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act (The Act). This legislation makes significant change in U.S. tax law including a reduction in the corporate tax rates, changes to net operating loss carryforwards and carrybacks, and a repeal of the corporate alternative minimum tax. The legislation reduced the U.S. corporate tax rate from the current rate of 34% to 21% for tax years beginning after December 31, 2017. As a result of the enacted law, the Company was required to revalue deferred tax assets and liabilities existing as of December 31, 2017 from the 34% federal rate in effect through the end of 2017, to the new 21% rate. The impact of these changes in rate has been to reduce the value of the deferred tax asset by £793k.

f) Deferred tax

Deferred tax on losses has been recognised in certain jurisdictions where there is a strong business case supported by clear financial plans which have been reviewed by the Board, and it is considered probable that the deferred tax balance is recoverable in the foreseeable future before the losses expire.

The deferred tax asset includes £1,387k in respect of US losses in World First USA Inc. (31 December 2016: £3,225k). World First USA Inc. has suffered a loss in the current and preceding period. The recognition of the asset is supported by conservative forecasts which indicate that sufficient future taxable profits will be available to utilize such assets.

The movement in deferred tax for the year is as follows:

	Group Year ended 31 December 2017	Group Year ended 31 December 2016	Company Year ended 31 December 2017	Company Year ended 31 December 2016
	£'000	£'000	£'000	£'000
Deferred tax asset / (liability) at start of the period	3,247	1,615	(5)	-
Deferred tax (charge) / credit to the income statement in the period	(665)	1,632	126	-
Prior period adjustment	150	-	(86)	-
Impact of changes in tax rates	(800)	-	(8)	-
Impact of change in exchange rates	(297)	-	-	-
Deferred tax asset at end of the period	**1,635**	**3,247**	**28**	-
Deferred tax (liability) at start of the period	(5)	(48)	-	(48)
Deferred tax charge to the income statement in the period	5	10	-	10
Prior period adjustment	-	32	-	32
Impact of changes in tax rates	-	1	-	1
Deferred tax (liability) at end of the period	**0**	**(5)**	-	**(5)**
The deferred tax asset / (liability) arises on:				
Fixed assets and intangibles	(67)	(102)	(124)	(124)
Other short term timing differences	316	119	152	119
Losses	1,386	3,225		-
Deferred tax asset / (liability) at end of the period	**1,635**	**3,242**	**28**	**(5)**

g) Unrecognised tax losses

Unrecognised tax losses have not been recognised in the Financial Statements of certain jurisdictions as, although the directors are confident in the future growth of the business, the Directors have taken a conservative view that the recognition of the deferred tax assets is not considered appropriate at this time.

As at 31 December 2017 the group has unutilised tax losses of approximately £6.8m (31st December 2016: £2.8m). These losses are available for offset against future taxable profits, subject to the agreement of the local tax authority and provisions of local Income Tax Acts.

9. Property, plant and equipment

Group

	Computer equipment $'000	Leasehold property $'000	Office equipment $'000	Total $'000
Costs				
As at 1 January 2016	1,123	161	1,661	2,945
Additions	126	1,181	140	1,447
Disposals	(22)	-	(162)	(184)
As at 31 December 2016	1,227	1,342	1,639	4,208
Additions	487	503	333	1,323
As at 31 December 2017	1,714	1,845	1,972	5,531
Depreciation				
As at 1 January 2016	(686)	(207)	(721)	(1,614)
Provided for the year	(222)	(295)	(415)	(932)
Disposals	15	-	101	116
As at 31 December 2016	(893)	(502)	(1,035)	(2,430)
Provided for the year	(338)	(473)	(469)	(1,280)
As at 31 December 2017	(1,231)	(975)	(1,504)	(3,710)
Net book value				
As at 31 December 2016	334	840	604	1,778
As at 31 December 2017	483	870	468	1,821

Company

	Computer equipment £'000	Leasehold property £'000	Office equipment £'000	Total £'000
Costs				
As at 1 January 2016	769	130	1,094	1,993
Additions	72	723	12	807
Disposals	-	-	(14)	(14)
As at 31 December 2016	841	853	1,092	2,786
Additions	383	38	104	525
As at 31 December 2017	1,224	891	1,196	3,311
Depreciation				
As at 1 January 2016	(536)	(124)	(615)	(1,275)
Provided for the year	(120)	(59)	(326)	(505)
As at 31 December 2016	(656)	(183)	(941)	(1,780)
Provided for the year	(209)	(301)	(155)	(665)
As at 31 December 2017	(865)	(484)	(1,096)	(2,445)
Net book value				
As at 31 December 2016	185	670	151	1,006
As at 31 December 2017	**359**	**407**	**100**	**866**

World First UK Limited
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Notes to the financial statements
10. Intangible assets

Group

	Software developments £'000	Purchased software £'000	Total £'000
Costs			
As at 1 January 2016	4,932	492	5,424
Additions	4,963	309	5,272
As at 31 December 2016	9,895	801	10,696
Additions	6,767	55	6,822
As at 31 December 2017	16,662	856	17,518
Amortisation			
As at 31 December 2015	(1,749)	(335)	(2,084)
Provided for the year	(1,419)	(26)	(1,445)
As at 31 December 2016	(3,168)	(361)	(3,529)
Provided for the year	(1,807)	(205)	(2,012)
Written off for the year	(1,134)	(34)	(1,168)
As at 31 December 2017	(6,109)	(600)	(6,709)
Net Book Value			
As at 31 December 2016	6,727	440	**7,167**
As at 31 December 2017	10,553	256	**10,809**

Company

	Software developments	Purchased software	Total
	£'000	£'000	£'000
Costs			
As at 1 January 2016	4,932	492	5,424
Additions	4,963	309	5,272
As at 31 December 2016	9,895	801	10,696
Additions	6,767	25	6,792
As at 31 December 2017	16,662	826	17,488
Amortisation			
As at 1 January 2016	(1,749)	(335)	(2,084)
Provided for the year	(1,419)	(26)	(1,445)
As at 31 December 2016	(3,168)	(361)	(3,529)
Provided for the year	(1,807)	(202)	(2,009)
Written off for the year	(1,134)	(34)	(1,168)
As at 31 December 2017	(6,109)	(597)	(6,706)
Net book value			
As at 31 December 2016	6,727	440	**7,167**
As at 31 December 2017	10,553	229	**10,782**

11. Investments in subsidiaries

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	£'000
Balance at the beginning of the year	20,574	5,980
Investment during the year	2,390	16,019
Impairments at the end of the year	(897)	(1,500)
Impairments reversal during the year	1,500	-
Investments via share based payments	(57)	75
Balance at the end of the year	**23,510**	**20,574**

The Company made additional investments in the share capital of its subsidiaries of £2.4m (December 2016: £16m).

Investments in subsidiaries are assessed at the end of each reporting period for any indicators of impairment. A value in use assessment includes a review of financial performance to date and future trading prospects of the business, discounted at an appropriate rate.

The impairment provision as at 31 December 2016 arose from an assessment of one subsidiary made by the Board following a period of early trading losses, reflecting uncertainties about future performance at an early stage of the subsidiary's development.

The impairment provision as at 31 December 2017 arises from the release of the prior year provision and a new impairment of £897k for another subsidiary as indicated by the annual impairment assessment.

The principal subsidiaries of the Company as at 31 December 2017, all of which have been included in these consolidated statements are as follows:

Subsidiary undertakings	**Country of incorporation**	**Percentage holding of ordinary shares**	**Nature of business**
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 Japan K.K	Japan	100%	Collection services
World First Markets Limited	United Kingdom	100%	Closed to New Business
World First Services Limited	United Kingdom	100%	Dormant
World First Advisory Services Limited	United Kingdom	100%	Dormant
World First Payment Gateways India Private Limited	India	99.99%	Dormant

Yuefan Business Consulting (Shanghai) Company Limited is a subsidiary of World First Asia Limited, and is dormant as at 31 December 2017.

One share in World First Payment Gateways India Private Limited is held by an employee on trust for World First UK Limited.

12. Derivative financial instruments

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

As at 31 December 2017	Group Current £'000	Group Non-current £'000	Company Current £'000	Company Non-current £'000
Assets				
Forwards	9,398	575	9,349	574
Total assets	9,398	575	9,349	574
Liabilities				
Forwards	(6,937)	(382)	(7,082)	(383)
Total liabilities	(6,937)	(382)	(7,082)	(383)
As at 31 December 2016				
Assets				
Forwards	17,588	1,231	18,038	1,228
Total assets	17,588	1,231	18,038	1,228
Liabilities				
Forwards	(16,815)	(1,324)	(17,825)	(1,329)
Total liabilities	(16,815)	(1,324)	(17,825)	(1,329)

13. Trade and other receivables

	Group Year ended 31 December 2017	Group Year ended 31 December 2016 As restated	Company Year ended 31 December 2017	Company Year ended 31 December 2016 As restated
Current	**£'000**	**£'000**	**£'000**	**£'000**
Trade receivables - customers	21,571	24,095	3,706	3,871
Provision for bad & doubtful debts	(2,346)	(2,669)	(491)	(476)
Trade receivables - banks	49,698	60,518	49,698	50,755
Prepayments & accrued income	1,228	720	906	430
Other receivables	117	334	22	126
	70,268	**82,998**	**53,841**	**54,706**
Non-current				
Other receivables	530	380	27	27
	530	**380**	**27**	**27**

14. Trade and other payables

	Group Year ended 31 December 2017	Group Year ended 31 December 2016 As restated	Company Year ended 31 December 2017	Company Year ended 31 December 2016 As restated
Current	**£'000**	**£'000**	**£'000**	**£'000**
Accruals	5,918	9,161	3,791	5,514
Trade payables	69,186	81,648	53,598	54,223
Other payables	4,050	5,337	3,000	3,934
Provisions	228	56	123	-
	79,382	**96,202**	**60,512**	**63,671**
Non-current				
Other payables	510	433	199	88
Provisions	593	653	245	295
	1,103	**1,086**	**444**	**383**

All provisions above relate to leasehold property charges.

15. Risk

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

The Board acknowledges the critical importance of sound and prudent risk and capital management practices to achieving the Group's strategic objectives and its own responsibility for satisfying itself that such practices are embedded into the day-to-day management of the Group's affairs.

The World First Group has adopted a 'three lines of defence' model to manage its principal business risks:

1. Line 1 is risk management: primary responsibility for strategy, performance and risk management lies with the Board, Audit and Risk Committee, the CEO and the Heads of each department.
2. Line 2 is risk oversight: risk oversight is provided by the Risk Team.
3. Line 3 is independent assurance: independent assurance on the effectiveness of the risk management systems. Using a risk based approach the internal audit function provides assurance to the board on how effectively the organisation assesses and manages its risks, including the manner in which the first and second lines of defence operate. Other external audits and reviews provide an additional line of defence but are limited in scope and should not be seen to provide adequate cover.

The Company's activities expose it to a variety of financial risks as outlined 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 Group's counterparty banks. The Group only enters into proprietary trades for hedging activities.

Foreign currency risk

The Group is exposed to foreign currency risk due to transactions made in non-functional currency. Exposure to foreign exchange risk is monitored on an ongoing basis to ensure that the net exposure is at an acceptable level.

The below sensitivity analysis illustrates potential movement in the statement of comprehensive income and 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

Sensitivity of profit before tax to a +/- 5% change in foreign exchange rates

	2017	2016
		As restated
	£'000	£'000
USD	864	1,908
HKD	(946)	(1,582)
SGD	(9)	148
EUR	(16)	13
Other	186	48
Total	**79**	**535**

Company

Sensitivity of profit before tax to a +/- 5% change in foreign exchange rates

	2017	2016
		As restated
	£'000	£'000
USD	779	1,695
HKD	(949)	(1,582)
SGD	(10)	147
EUR	(17)	17
Other	178	55
Total	**(18)**	**332**

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a customer or counterparty default on their obligations. The Company's exposure to credit risk arises primarily from cash and cash equivalents, amounts due from related companies and trade and other receivables and in relation to transactions where the Group 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 Group'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 Group and Company's maximum exposure to credit risk for its derivative financial instruments:

	Group Year ended 31 December 2017	Group Year ended 31 December 2016 As restated	Company Year ended 31 December 2017	Company Year ended 31 December 2016 As restated
	£'000	£'000	£'000	£'000
Financial instruments				
Long term	575	1,231	574	1,228
Short term	9,398	17,588	9,349	18,038
Options (held for disposal)	-	23,424	-	-
Carrying Value	9,973	42,243	9,923	19,266
Credit valuation adjustment	52	613	48	220
Total maximum exposure	10,025	42,856	9,971	19,486

The Client terms and conditions require clients to provide collateral which provides further mitigation to the derivative financial instruments credit risk exposures detailed above. As at 31 December 2017 total collateral held by the Group is £8.2m of which £7.1m is held by the Company. As at 31 December 2016 total collateral held by the Group was £18.9m.

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 assessments. Individual exposures are monitored with customers subject to credit limits to reduce the Group's potential exposure to credit loss.

The Group requests collateral 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 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's policies restrict the counterparty banks with which derivative transactions can be contracted and funds may be deposited only to those approved by the Board. These banks and financial institutions have a high credit rating and the management 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. Customers range from corporates to individuals.

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 appropriately managed. The Group also only enters into material banking relationships with banks with appropriate credit ratings. The credit worthiness of our banking partners are monitored on a daily basis using credit default swap pricing and monitoring of credit ratings from credit agencies.

Financial assets that are past due or impaired

The Group holds financial assets that are either past due or impaired, and the residual exposure after provisions for doubtful debts is £19.2m (2016: £21.4m). Cash and cash equivalents 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 as the related companies are credit worthy and have no history of default.

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. Cash balances and forecast cash movements are reviewed on a regular basis to ensure that the Group maintains adequate working capital. The Group's financial assets and liabilities are short term in nature, which mitigates the risk of default on financial obligations.

The maturity profile of the Group and Company's financial assets and liabilities at the year end is set out on pages 41 and 42.

Group	**Less than 3 months**	**Between 3 to 6 months**	**Between 6 to 12 months**	**More than 12 months**	**Total**
As at 31 December 2017	**£ '000**	**£ '000**	**£ '000**	**£ '000**	**£ '000**
Assets					
Derivative financial instruments	4,423	3,373	1,602	575	**9,973**
Cash and cash equivalents	8,245	-	-	-	**8,245**
Collateral placed with banks	9,560	-	-	-	**9,560**
Cash and cash equivalents held for customers	372,201	-	-	-	**372,201**
Trade and other receivables	70,268	-	-	-	**70,268**
Corporation tax receivable	-	-	133	1,862	**1,995**
Other receivables	m-	-	-	530	**530**
Total assets	464,697	3,373	1,735	2,967	**472,772**
Liabilities					
Derivative financial instruments	3,411	2,392	1,134	382	**7,319**
Trade and other payables	79,382	-	-	-	**79,382**
Corporation tax payable	-	354	-	-	**354**
Amounts due to customers	355,625	-	-	-	**355,625**
Other payables	-	-	-	1,103	**1,103**
Total liabilities	438,418	2,746	1,134	1,485	**443,783**
Net financial assets	**26,279**	**627**	**601**	**1,482**	**28,989**

	Less than 3 months	**Between 3 to 6 months**	**Between 6 to 12 months**	**More than 12 months**	**Total**
As at 31 December 2016	**£ '000**	**£ '000**	**£ '000**	**£ '000**	**£ '000**
Assets					
Derivative financial instruments	9,330	5,830	2,427	1,231	**18,819**
Cash and cash equivalents	18,143	-	-	-	**18,143**
Collateral placed with banks	26,681	-	-	-	**26,681**
Cash and cash equivalents held for customers	289,434	-	-	-	**289,434**
Trade and other receivables	82,998	-	-	-	**82,998**
Corporation tax receivable	-	713	1,978	-	**2,691**
Other receivables	-	-	-	380	**380**
Total assets	426,586	6,543	4,405	1,611	**439,145**
Liabilities					
Derivative financial instruments	9,380	5,401	2,033	1,325	**18,139**
Trade and other payables	96,202	-	-	-	**96,202**
Corporation tax payable	4,905	-	284	-	**5,189**
Amounts due to customers	290,268	-	-	-	**290,268**
Other payables	-	-	-	1,086	**1,086**
Total liabilities	400,755	5,401	2,317	2,411	**410,884**
Net financial assets	**25,831**	**1,142**	**2,089**	**(800)**	**28,262**

Company	Less than 3 months	Between 3 to 6 months	Between 6 to 12 months	More than 12 months	Total
As at 31 December 2017	**£ '000**	**£ '000**	**£ '000**	**£ '000**	**£ '000**
Assets					
Derivative financial instruments	4,498	3,237	1,614	574	**9,923**
Cash and cash equivalents	1,056	-	-	-	**1,056**
Collateral placed with banks	8,336	-	-	-	**8,336**
Cash and cash equivalents held for customers	344,286	-	-	-	**344,286**
Trade and other receivables	53,841	-	-	-	**53,841**
Amounts due from related companies	46	-	-	-	**46**
Other receivables	-	-	-	27	**27**
Total assets	412,063	3,237	1,614	601	**417,515**
Liabilities					
Derivative financial instruments	3,516	2,407	1,160	382	**7,465**
Trade and other payables	60,512	-	-	-	**60,512**
Corporation tax	-	352	-	-	**352**
Amounts due to customers	95,577	-	-	-	**95,577**
Amounts due to customers of subsidiaries	232,646	-	-	-	**232,646**
Amounts due to related companies	27,305	-	-	-	**27,305**
Other payables	-	-	-	444	**444**
Total liabilities	419,556	2,759	1,160	826	**424,301**
Net financial assets	**(7,493)**	**478**	**454**	**(225)**	**(6,786)**

	Less than 3 months	Between 3 to 6 months	Between 6 to 12 months	More than 12 months	Total
As at 31 December 2016	**£ '000**	**£ '000**	**£ '000**	**£ '000**	**£ '000**
Assets					
Derivative financial instruments	9,675	5,905	2,458	1,228	**19,266**
Cash and cash equivalents	644	-	-	-	**644**
Collateral placed with banks	8,085	-	-	-	**8,085**
Cash and cash equivalents held for customers	252,531	-	-	-	**252,531**
Trade and other receivables	54,706	-	-	-	**54,706**
Amounts due from related companies	24,515	-	-	-	**24,515**
Corporation tax	-	-	1,522	-	**1,522**
Other receivables	-	-	-	27	**27**
Total assets	350,156	5,905	3,980	1,255	**361,296**
Liabilities					
Derivative financial instruments	10,058	5,567	2,200	1,329	**19,154**
Trade and other payables	63,671	-	-	-	**63,671**
Amounts due to customers	81,709	-	-	-	**81,709**
Amounts due to customers of subsidiaries	181,135	-	-	-	**181,135**
Amounts due to related companies	30,154	-	-	-	**30,154**
Other payables	-	-	-	383	**383**
Total liabilities	366,727	5,567	2,200	1,712	**376,206**
Net financial assets	**(16,571)**	**338**	**1,780**	**(457)**	**(14,910)**

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.

16. 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 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.

Under the electronic money regulations the Company is required to hold capital equivalent to 2% of the moving six month average outstanding E-money liabilities at the end of each calendar day.

17. 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: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 Inputs: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The forward currency contract asset and liabilities of the Group are categorised as Level 2.

The Group utilises valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs to the extent possible. The Group 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 over the counter (OTC) financial instruments are determined using appropriately tested valuation models.

World First UK Limited

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The following table summarises the financial assets and liabilities measured at fair value.

	Group	Company
As at 31 December 2017	**Level 2**	**Level 2**
	£'000	**£'000**
Assets		
Forwards	9,973	9,923
Total assets	9,973	9,923
Liabilities		
Forwards	7,319	7,465
Total liabilities	7,319	7,465
As at 31 December 2016		
Assets		
Options (held for disposal)	23,424	-
Forwards	18,819	19,266
Total assets	42,243	19,266
Liabilities		
Options (held for disposal)	23,927	-
Forwards	18,139	19,154
Total liabilities	42,066	19,154

There were no instruments in either level 1 or level 3 for either the Group or Company at 31 December 2017 or 31 December 2016 and there were no transfers between levels during the year to 31 December 2017 (December 2016: none).

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Notes to the financial statements

18. Share capital

	31/12/2017 Number thousands	31/12/2016 Number thousands	31/12/2017 £'000	31/12/2016 £'000
Authorised				
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	27	27	1	1
Ordinary shares class D of £0.01 each	47	52	-	-
Ordinary shares class E of £0.01 each	16	20	-	-
Ordinary shares class F of £0.01 each	14	-	-	-
Allotted, issued and fully paid				
Ordinary shares of £1 each				
At the beginning and end of the year	600	600	600	600
Preference A shares of £1 each				
At the beginning and end of the year	67	67	67	67
Preference B shares of £1 each				
At the beginning and end of the year	333	333	333	333
Ordinary shares class C of £0.01 each				
Opening balance	27	51	1	1
Bought back and cancelled	-	(24)	-	-
Closing balance	27	27	1	1
Ordinary shares class D of £0.01 each				
Opening balance	52	57	-	-
Bought back and cancelled	(5)	(5)	-	-
Closing balance	47	52	-	-
Ordinary shares class E of £0.01 each				
Opening balance	20	-	-	-
Issued in the year	-	20	-	-
Bought back and cancelled	(4)	-	-	-
Closing balance	16	20	-	-
Ordinary shares class F of £0.01 each				
Issued in the year	14	-	-	-
Closing balance	14	-	-	-
Total			1,001	1,001

Ordinary shares share ratably in the payment of distributions which are allocated on an aggregate basis as detailed in the Articles of Association. 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.

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 Articles of Association), 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 Articles of Association), and are 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.

Ordinary E shares which were issued during 2016, have no right entitling the holders to participate in any dividend distribution (other than as detailed in the Articles of Association), and are not entitled to receive notice of, attend or speak at general meetings or vote on resolutions. Ordinary E shares do not confer any right of redemption. Ordinary E shares were issued to selected employees as incentives.

Ordinary F shares which were issued during 2017, have no right entitling the holders to participate in any dividend distribution (other than as detailed in the Articles of Association), and are not entitled to receive notice of, attend or speak at general meetings or vote on resolutions. Ordinary F shares do not confer any right of redemption. Ordinary F shares were issued to selected employees as incentives.

During the periods to 31 December 2017, 31 December 2016 and 31 December 2015, the Company issued ordinary shares of class C, D, E and F as part of its share based payments arrangements with its staff. See note 19.

19. Share based payments

The Group has two equity settled share schemes that allow employees to acquire shares in the Company. The Group has an agreement with an ex-employee that is a cash settled award plan.

The total cost recognised in the statement of comprehensive income is shown below:

	Year ended 31 December 2017	**Year ended 31 December 2016**
	£'000	**£'000**
2014 Equity plan	333	88
2008 Enterprise management incentive plan	(10)	15
Cash settled share based payment plan	85	(43)
	408	**60**

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Notes to the financial statements

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 year	Outstanding at 31 December 2015	Granted during the year	Cancelled during the year	Outstanding at 31 December 2016	Granted during the year	Cancelled during the year	Outstanding at 31 December 2017	Exercise price (£)
Ordinary C									
15-Apr-14		34,000		(24,500)	9,500			9,500	0.01
31-Oct-14		5,000			5,000			5,000	0.01
01-Mar-15	12,000	12,000			12,000			12,000	0.01
	12,000	51,000	-	(24,500)	26,500	-	-	26,500	
Ordinary D									
15-Apr-14		9,000		(2,000)	7,000			7,000	0.01
07-Aug-14		20,000			20,000			20,000	0.01
31-Oct-14		5,000			5,000		(3,000)	2,000	0.01
01-Mar-15	13,500	13,500		(2,500)	11,000		(2,000)	9,000	0.01
10-Nov-15	6,250	6,250			6,250			6,250	0.01
	19,750	53,750	-	(4,500)	49,250	-	(5,000)	44,250	
Ordinary E									
17-Feb-16			9,000		9,000			9,000	0.01
28-Nov-16			11,000		11,000		(4,350)	6,650	0.01
			20,000	-	20,000	-	(4,350)	15,650	
Ordinary F									
21-Dec-17						14,100	-	14,100	0.01
						14,100	-	14,100	
	31,750	104,750	20,000	(29,000)	95,750	14,100	(9,350)	100,500	

Classes C, D, E and F shares entitle their holders to a dividend payment if World First UK Limited has an IPO or a major shareholding re-organisation of at least 50% of the current shareholding. Classes C, D, E and F 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. The total estimated cumulative fair value of shares granted is £0.7m (December 2016: £0.3m). The weighted average fair value of outstanding shares is £19.98 per share (December 2016: £22.16). 9,350 shares were cancelled, lapsed or forfeited up to 31 December 2017.

The Group uses an internal model to determine the fair value of the C, D, E and F 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 during the year were as follows:

Discount rate (F shares)	20%
Valuation discount for lack of liquidity	50%

2008 Enterprise management incentive (EMI) plan

The Group granted options over its shares to certain employees that expire worthless at the tenth anniversary from the date of grant. 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 31 December 2015	Lapsed during the year	Outstanding at 31 December 2016	Lapsed during the year	Outstanding at 31 December 2017
20-Jul-07	2,500		2,500	(2,500)	0
13-Feb-08	2,500		2,500		2,500
14-Feb-12	12,000	(1,000)	11,000	(1,000)	10,000
	17,000	(1,000)	**16,000**	(3,500)	**12,500**

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 2017 was 3.3 years (31 December 2016: 3.9 years). The weighted average fair value of outstanding shares is £27.48 per share (December 2016: £25.86).

Cash settled share based payment plan

The Group has an agreement with an ex-employee that is 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 liability arising under this scheme was £85k as at 31 December 2017 (31 December 2016: £nil).

20. 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 loses 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.

21. Related party transactions

As specified in Note 2, the Company has taken advantage of the exemption under FRS 101 and IAS 24 *Related Party Disclosures* not to disclose transactions with wholly owned subsidiaries.

FTV World First LLC ('FTV') an investment firm owns 40% of the issued share capital of the Company. Two Directors of the Company, are also directors of FTV. During the year ended 31 December 2017 the Company reimbursed £25k (December 2016: £35k) 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.

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22. Post balance sheet events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

23. Operating leases

The Group leases a number of its offices under operating leases. During the year to 31 December 2017, £3.1m was recognised as an expense in the Statement of Comprehensive Income in respect of operating leases (December 2016: £2.4m). The Group has also entered into a number of subleases in respect of the operating leases. During the year to 31 December 2017, £0.5m was recognised as income in the Statement of Comprehensive Income in respect of operating subleases (December 2016: £0.1m).The future minimum payments and receipts due under non-cancellable operating leases and subleases are as follows:

	Group As at 31 December 2017		Company As at 31 December 2017		Group As at 31 December 2016		Company As at 31 December 2016	
	Payments £'000	Receipts £'000	Payments £'000	Receipts £'000	Payments £'000	Receipts £'000	Payments £'000	Receipts £'000
Operating lease payments / receipts due:								
Within one year	3,240	461	1,275	169	2,103	174	865	-
In one to five years	4,030	934	424	39	3,506	873	1,148	-
In more than five years	232	-	142	-	361	98	230	-
	7,502	1,395	1,840	208	5,970	1,145	2,243	-

When lease premises are vacated and are no longer used by the business, an onerous lease provision is made for the shortfall between the remaining contractual lease payments and any income receivable from sub-letting.

A dilapidation provision is made when there is a requirement for dilapidation costs to be met by the Group or Company under the contractual lease terms and conditions..

Lease provisions are as follows:

	Group As at 31 December 2017		Company As at 31 December 2017		Group As at 31 December 2016		Company As at 31 December 2016	
	Onerous leases £'000	Dilapidations £'000	Onerous leases £'000	Dilapidations £'000	Onerous leases As restated £'000	Dilapidations £'000	Onerous leases £'000	Dilapidations £'000
Current	143	85	53	70	40	16	-	-
Non-current	159	434	13	232	185	468	-	295
	302	519	66	302	225	484	-	295

24. Prior year restatements

A number of adjustments were made to prior year comparatives as a result of presentational changes and corrections. The corrections, which were individually insignificant, decreased Group profit after tax in 2016 by £0.2m.

Presentational adjustments on the Statement of Income relate to line item reclassifications. Foreign exchange losses are included within other income rather than operating expenses and revenue items were reclassified as other income.

Corrections to the Consolidated Balance Sheet have reduced total assets by £32.4m and reduced total liabilities by £32.3m. The change is largely attributable to the incorrect gross up by £29.7m of assets and liabilities with a current legally enforceable right of offset which impacted trade and other receivables, trade and other payables and amounts due to customers. A further adjustment was made to correct a £2m understatement of both the assets and liabilities held for disposal.

The impact to the net assets of the Group was £0.1m.

Corrections to the Company Balance Sheet have reduced total assets by £7m and reduced total liabilities by £7.2m. The change is largely attributable to the incorrect gross up by £7.7m of assets and liabilities which impacted trade and other receivables, trade and other payables, amounts due to customers and amounts due to customers of subsidiaries. Further adjustments were made to reallocate amounts due to customers of £5.3m, counterparty payables of £2.4m, counterparty receivables of £2.6m and cash in transit of £2.3m from subsidiaries, which impacted amounts due to customers, trade and other receivables, trade and other payables, cash and cash equivalents held for customers and amounts due to and from related parties.

The impact to the net assets of the Company was £0.2m.

25. Pension commitments

The Group and Company operate defined contribution pension schemes. The pension cost charge for the year was £1.1m for the Group and £0.6m for the Company (December 2016: Group £0.8m and Company £0.4m). Included on the balance sheet were amounts due to the pension scheme of £50k for the Group and £nil for the Company (December 2016: Group £122k and Company £59k).

26. Contingent liabilities and commitments

The Group does not have any significant contingent liabilities. The Group is currently involved in legal proceedings in respect of a debt claim made against a customer. As the matter is in active litigation under which a counterclaim has been lodged against World First Markets Limited, no further details have been disclosed save for the fact that the legal advisors of World First Markets Limited have opined that the counterclaim is believed to have no merit. At 31 December 2017 there was no other material litigation outstanding against the Company or any of its subsidiary undertakings.

The Company has provided a guarantee for the payment of rent for World First USA Inc.

The lease agreement of World First Pty Limited contains a lease incentive such that the total rent paid is reduced provide World First Pty Limited does not default on more than three occasions subject to the lease remaining in effect. 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 2017 is £146k (December 2016: £121k).